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MARKETABILITY AND FEASIBILITY ANALYSIS

WEST END STUDY AREA

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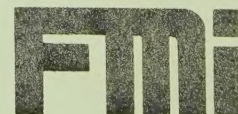
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SEPTEMBER 1975

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PAUL FULLERTON, MAI CRE
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September 15, 1975

Mr. William H. Fraley, Planning Director
Alameda County Planning Department
399 Elmhurst Street
Hayward, California 94544

Dear Mr. Fraley,

Attached is our report representing Phase I of the Castro Valley West End Area Study. This portion of our assignment is a marketability and feasibility analysis concerning future real estate development in this portion of the Castro Valley community. Study parameters and our conclusions are summarized in Chapter I.

We very much appreciate the cooperation accorded us by various members of the Castro Valley business community. I would like to also acknowledge the assistance of members of your staff. Should you have any questions concerning information set forth in this report, please contact me.

Very sincerely,

Paul Fullerton, M.A.I. C.R.E.

PF/jy

[Alameda county. Planning Dept]
Land Util. Castro Valley
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Castro Valley West End Area Study

I. REPORT SUMMARY

A. Nature of the Assignment

The Alameda County Board of Supervisors adopted the Castro Valley Plan on January 29, 1974 after a lengthy process of public hearings and plan review. A condition of the adoption as set forth in a resolution passed by the Board of Supervisors on November 20, 1973 provided..."that a notation be placed on the Plan Map that the west end of Castro Valley be given more study and/or private development"; (this was one of five recommended changes in the plan as originally filed). The material contained in this report is a portion of the study requested by the Board of Supervisors for the Castro Valley West End Area. This report comprises Phase I of a three phase assignment -- the marketability and financial feasibility analysis. Phase II considers the value of land in the Study Area under present and proposed future development. Phase III is planning and implementation consultation by the consultants.

B. Study Methods

A list of uses (various types of real estate development) was prepared and then screened as to an array of factors relating to economic considerations, public and private, the impact of the uses on selected neighboring development and their general impact on the environment. Each use was rated on a weighted scale providing a total score as to its general acceptability in comparison to other types of real estate development. Those uses with very low scores were dropped from the list. Those uses with high scores were automatically listed for detailed market analysis. The uses which scored in the mid-range were reviewed individually and conclusions drawn in each case as to the need for further study.

For each of the uses selected for more detailed market analysis, information has been gathered relating to the supply and demand for such new development in Castro Valley in general (or in some cases, for a larger market area) and the Study Area in particular. On the supply side, competitive development was inspected and inventoried as to quantity, quality and operating data. Information as to proposed development was obtained where possible. Factors relating to anticipated demand were studied and from this total body of data, conclusions drawn as to the present and future market for the type

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of space in the Study Area. To this point, emphasis is on the market acceptability of space at reasonably economic prices.

In Chapter X , those uses which might be developed in the Study Area found acceptable from a marketability standpoint, are tested for financial feasibility. A hypothetical project is constructed for each of the uses passing the marketability screen considering anticipated income, operating or development expense and net income. This net income is capitalized as in a typical real estate appraisal to determine if the value created is adequate to cover the cost of development. In the case of multi-family residential rental, this analysis has been performed on the basis of several development densities to provide an indication of the relative financial impact of each.

Those uses which pass both screens -- marketability and feasibility -- are recommended for consideration for incorporation in the subject area without reference to the precise location of these uses or the allocation of Study Area land to each use.

In the course of this Phase of the assignment, the following tasks were accomplished:

1. Pertinent economic data was collected and studied.
2. The Study Area was inspected and commercial and other buildings photographed.
3. Competitive projects in the market areas were visited and inventoried.
4. County and city records related to proposed projects and those under construction were reviewed and recorded on a selective basis.
5. Interviews were conducted with building managers, administrators, tenants, owners, developers, real estate brokers, project operators, pertinent government staff and others on matters relative to the study.

C. Guidelines for the Study

The continuing projection of demand for various kinds real estate development over a long period of time necessarily raises a question as to what conditions will prevail over this period of time. It is necessary to make basic assumptions as to the national economy,

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the economy of the Bay Area, but more importantly, assumptions as to what will happen to the environment and general viability of the Study Area. Since the uses projected by the market analyst (or their absence where no demand exists) can be expected to have a major impact on the Study Area environment, the process is a somewhat circular one. However, the market analyst must establish for himself a set of "most reasonably probable" conditions that he feels will develop over the ensuing years.

1. For the purposes of this study, the Study Area is considered as if unzoned and unplanned. In the Phase III implementation Study, the effect of the Castro Valley Plan as presently shown will be considered as one alternative land use program.
2. However, this analysis considers "existing policies as reflected in the adopted Castro Valley Plan, the holding capacity of the entire Castro Valley Plan area, the provision in the Plan for centralization of commercial activities with the exception of neighborhood convenience centers, areas adjacent or near to the Study Area, especially the proposed Central Core and the Lake Chabot medical complex" (a quotation from the study contract).
3. Phase III of this assignment includes planning and implementation consultation, which will deal with various aspects of implementing the market findings including site assembly techniques. Under site assembly techniques, various redevelopment programs, public and private, will be reviewed and recommendations as to the optimum program in this case will be made. While public redevelopment will be considered as part of Phase III, it is not recommended that the market analysis be conducted on the assumption of publicly assisted clearance. This has the following implications:
 - a. The market study will assume available land for development but not through government assisted redevelopment clearance.
 - b. The market analysis will not assume a radically changed atmosphere in the Study Area and its immediate environs in determining the demand for each use studied.

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4. Some guidelines should be established as to the period of projection for market demand. Projecting into the future is difficult at best. However, it is beneficial to have some insight as to anticipated market over a long period of time for planning purposes. It is recommended that the market study attempt to anticipate demand for a ten year period commencing January 1, 1976

D. Conclusions

The results of the screening process and the marketability and financial feasibility analyses are as follows:

1. Screening Process

The following uses were eliminated in the screening process:

Low-density sale residential
Assisted family housing
Light industrial
Commercial parking structures
Academic and training facilities

2. Market Analysis

The following uses were found marketable at economic rentals or sales prices:

Market-rate rental apartments	210 units
Multi-family sale housing (townhouses)	100 units
Housing for the elderly -- private market development	190 units
Medical-Dental office space	16,000 sq. ft.

Uses for which no relevant demand is forecast:

Elderly housing -- assisted
Hospital beds of any type
General office space
Motel/Hotel Rooms
Recreational commercial development
Secondary commercial space

3. Financial Feasibility Analysis

These uses generate sufficient value to indicate probable financial feasibility:

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Lower density multi-family residential - rental
garden-type two-story frame construction
Elderly housing - private development
Multi-family residential - sale
Medical-Dental office space

The use found to be not financially feasible:

Higher density multi-family residential - rental
Three stories or more of Class C construction

Other Conclusions:

- It is unlikely that a BART station will be built in Castro Valley during the next decade; however, should a station be built, it would have some positive effect on apartments in the Study Area. If it were built adjoining the Study Area, the demand for multi-family units would be substantially increased.
- The market study produced no indication of demand for apartments in high-rise buildings in the Castro Valley area. The highest level of square foot rentals which could be obtained in the Study Area is far below that which is required to make high-rise residential development feasible.
- From 16.8 to 23.4 acres of land will be required to accommodate new development indicated to be marketable and feasible.
- The most desirable location for multi-family rental and sale housing is in the area south of Castro Valley Boulevard on the slopes and in the vicinity of Chabot Hill. The medical-dental office space should be built as near as possible to the existing medical complex.
- Other areas north of Castro Valley Boulevard may eventually be appropriate for development of high-density residential use combined with some commercial space on the ground floor facing Castro Valley Boulevard. This area is appropriate for higher density housing for the elderly if sites of adequate size can be provided.



CASTRO VALLEY AND THE WEST END
STUDY AREA

■■■■■ BOUNDARY OF CASTRO VALLEY

■■■■■ STUDY AREA

Castro Valley West End Area Study

II. DESCRIPTION OF THE STUDY AREA

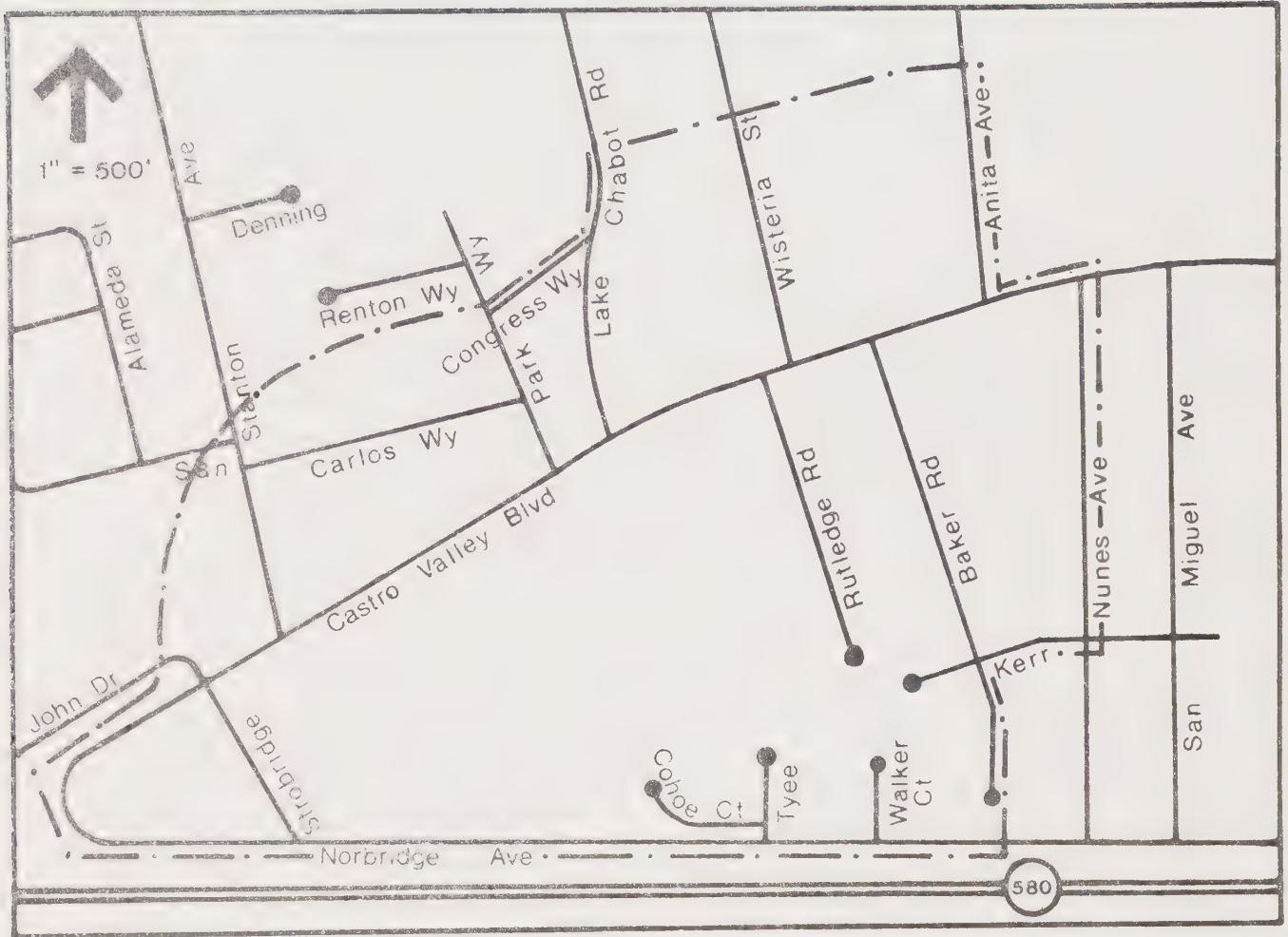
A. Physical Characteristics

The zone which has been delineated for study and designated the Castro Valley West End Study Area is relatively small, irregular in shape and has only one natural boundary -- the 580 Freeway on the south. It is a small portion in the southwest corner of the overall unincorporated Castro Valley community containing approximately 97.6 gross and 78 net acres. No single characteristic distinguishes this area from the balance of Castro Valley.

The Study Area embraces approximately the first half mile of the westerly portion of Castro Valley Boulevard commencing where it adjoins the Route 580 Freeway. A portion of this frontage was the original Castro Valley commercial district. As is often the case in older retail districts, the newer commercial development has taken place on frontages increasingly removed from the original area moving generally towards the newer better residential development. The trend of retail development away from the original core leaves store type buildings which are subsequently used for marginal retail outlets or converted to industrial, office or secondary commercial use. This has been the case in the Study Area. Because of the high level of traffic in this section of Castro Valley Boulevard resulting mainly from the off-ramp of the 580 Freeway (over 38,000 vehicles both ways in 24 hours by County traffic count, April 29, 1975), much of the newer development and conversion of older buildings in this area have been to automobile sales and service use. A significant proportion of the Castro Valley Boulevard frontage is used in this way. The remainder is improved with a wide variety of buildings and activities running the gamut of types of real estate use. This includes some side street frontages immediately adjoining Castro Valley Boulevard.

The balance of the Study Area is largely residential in character except for the medical-dental activity in the northwest portion. The area south of Castro Valley Boulevard is improved mostly with single-family homes with some multi-family development near the Boulevard; the majority of the residential area north of Castro Valley Boulevard is in apartment development.

CASTRO VALLEY BOULEVARD
WEST END STUDY AREA



ACPD 4/75



Study Area Boundary

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Except for Chabot Hill, situated approximately in the center of the Study Area, south of Castro Valley Boulevard and west of Rutledge Road, the area is generally level, sloping gently upward in a northerly direction from the freeway. Chabot Hill covers a relatively small area and rises to a height of approximately 70 feet above Castro Valley Boulevard. Except for a sizeable portion of the area between Strobridge Avenue and Rutledge Road south of Castro Valley Boulevard, (the area taken up in part by Chabot Hill), the Study Area is intensely developed. There are few vacant sites outside of the area just described.

This assignment does not include a detailed analysis of the sub-soil of the Study Area. Casual inspection of existing buildings in the area, some of which are relatively old, does not suggest the presence of major negative sub-soil conditions. However, according to the map published by U.S.G.S.¹, the Chabot fault angles through the east side of the Study Area intersecting Castro Valley Boulevard at Wisteria Street. The map designates this fault as "concealed" in the vicinity of the Study Area. There is no indication of movement in this fault zone in the past fifty years. The U.S.G.S. omitted reference to the Chabot Fault in its most recent map of known active fault lines².

B. Positive and Negative Factors

In the following two sub-sections the positive and negative factors of the Study Area are outlined. In some instances a factor has both positive and negative aspects. This list is limited to the factors which have economic significance to real estate development in the Study Area. The general pluses and minuses of Castro Valley are not included; an excellent review of these factors is contained in the master plan document³.

1. Positive Factors

- a. The Eden/Laurel Grove Hospital combination with nearby ancillary facilities; this complex provides employment and generates other economic activity. It results in a demand for housing

¹G. D. Robinson, "Geology of the Hayward Triangle," United States Geological Survey, 1956.

²Dorothy H. Radbruch-Hall, "Map Showing Recently Active Breaks Along the Hayward Fault Zone and the Southern Part of the Calaveras Fault Zone," United States Geological Survey, 1974.

³Castro Valley Plan -- Alameda County Planning Department, 1972.

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and will support the market for additional moderate level rental and sale housing. It may well stimulate the development of additional medical/dental offices and convalescent hospitals.

Even though relatively small in size, the hospital-medical-dental complex generates the need for some overnight lodging facilities and further growth may indicate a demand for hotel space. Its employees, patients and visitors require goods and services, a portion of which is or could be purchased in the immediate area.

- b. A very important factor in the demand for commercial space in the Study Area is its excellent regional access. It is very close to the juncture of the Foothill (238) and Route 580 freeways and has freeway access to the Nimitz Freeway (17). This combination provides freeway service to most of the Bay Region. Good local access is provided over Castro Valley Boulevard connecting Lake Chabot and Redwood Roads and Foothill Boulevard.

Regional access is an important factor for any commercial use which is sufficiently unique to generate regional interest. This would benefit medical-dental services, recreational commercial development, a widely accepted restaurant, and motels.

- c. A favorable item related to item b is the heavy automobile traffic on Castro Valley Boulevard. It provides a demand for goods and services relating to the automobile and those usually purchased by shoppers who come by car and wish to be out of their cars for a minimum period or not at all. (In this age and in a suburban community, this describes a large majority of shoppers.) The physical configuration of Castro Valley Boulevard with the center median and ample turn-off and left turn lanes advantages the Study Area in this connection. Specific uses benefitted by this factor are recreation-commercial, motel, some types of office and automobile sales and service use. This advantage will be reduced somewhat when the proposed changes in 580 on and off ramps are completed.

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- d. The high quality of street improvements and the recent undergrounding of utilities along Castro Valley Boulevard is a favorable factor.
- e. Existing and potential commercial development in the Study Area is benefitted by the relatively compact, good quality, stable residential community which surrounds it. The nature of the average Castro Valley family offers high per capita purchasing power for a wide range of goods and services. This factor is partially offset by the ease of automobile transport to surrounding communities and the fact that only a small portion of employed residents work in Castro Valley.
- f. The terrain in the Study Area is favorable. Most of the area is flat or with gently rising grades from Castro Valley Boulevard. The exception is Chabot Hill which offers interesting relief to the surrounding flat terrain. Use of the multi-level terrain would enhance several types of development. Chabot Hill also provides a buffer to a portion of the freeway.
- g. The Study Area is benefitted by the higher quality commercial development to the east. The increasing size of the retail district in the vicinity of Castro Valley Boulevard and Redwood Road attracts patronage which also purchases goods and services offered in the Study Area. Also, the businesses in the primary retail district require goods and services which are or can be supplied from outlets in the West End Area. I identify this type of use as secondary commercial.
- h. From a commercial standpoint, the Study Area is benefitted by ample parking. There is no off street public parking, but a majority of the commercial uses on or near Castro Valley Boulevard provide parking that appears to satisfy their immediate needs. Also there is ample curb parking, none of which is metered.

2. Negative Factors

- a. Perhaps the leading negative factor is the nature of the commercial development along Castro Valley

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Boulevard. There is no consistency as to building design or location within the site. The buildings are many different sizes, exterior finishes and setbacks from the street. The multitude of service stations (nine in the Study Area), do not enhance the appearance or cohesiveness of the commercial frontage.

- b. The uses occupying the Castro Valley Boulevard buildings are very heterogeneous and, in most instances, appear to be contributing little to one another's economic welfare. (The one exception is automobile service outlets.) This condition is particularly applicable at the west end of the Study Area. The commercial uses at the east end are more viable retail stores which relate to the better retail district to the east. This is not to say there are not a number of substantial commercial activities and buildings in the Study Area; however, in most instances they relate to one another little or not at all.
- c. A factor which turns up in both the positive and negative lists is high volume vehicular traffic. The disadvantages from this factor concern the barrier to the free interchange of pedestrian activity across Castro Valley Boulevard, the congestion at peak traffic periods preventing drivers wishing to turn into businesses along the Boulevard from freely doing so and the general nuisance of noise and fumes. Proposed changes in the freeway off-ramp system will reduce this problem.
- d. The Castro Valley business district in general and the Study Area in particular lack identity in the Bay Region. Castro Valley is not highly visible physically as is, say Berkeley. The community is not identifiable for any particular institution or business enterprise and is probably not generally well known to Bay Area residents outside the Eden Planning Unit.

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- e. The freeways adjoining or near the Study Area on two sides have been listed as an advantage; They offer an actual or psychological barrier to nearby residents situated west and south of the Study Area. It is easier for these families to shop for goods and services in Hayward or in some of the neighborhood centers on their side of the freeway.
- f. Another factor which cuts both ways is access. The excellent access to the Study Area via the various freeways and arterials is listed in Section "1.b". Conversely, this feature offers the opportunity for Castro Valley residents to reach competing shopping and service centers quickly and easily. During 1973 we conducted a comprehensive study of downtown Hayward including in-depth surveys of shoppers and residents of the surrounding residential areas as to shopping habits and preferences. We found a heavy incidence of patronage of downtown Hayward stores by Castro Valley residents.
- g. Related to Items "e" and "f" is the general subject of competition. Commercial and service facilities in Castro Valley must compete with those in such adjoining regional districts as downtown Hayward, Southland, and Bay Fair.
- h. Castro Valley does not now have Bart service. The Study Area is, however, advantaged by AC Transit service along Castro Valley Boulevard. Studies of proposed BART "train" extension through Castro Valley recommend a station near the southern boundary of the Study Area. However, it is unlikely that construction of the Livermore line will start for some time and completion of a Castro Valley station during the next decade is unlikely. (Castro Valley is now on record as opposing a station.)
- i. The Study Area is divided into a great many small ownerships. There are 182 owners in the Study Area, the largest of which has 4.27 acres. There are 12 parcels which have an area of an acre or larger totaling 24 acres. The larger parcels are mostly adjoining and in the area bounded by Castro Valley Boulevard on the north, Norbridge

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Avenue on the south, Strowbridge Avenue on the west and Rutledge Road on the east. There are eight parcels comprising approximately 19 acres in this area which are not heavily improved, i.e., the ratio of building improvement to land value is relatively low. This does not mean that the land is available for development.

- j. A related factor which impacts the Study Area, particularly that part north of Castro Valley Boulevard in a negative way is the large number of streets and the many small blocks which result.

C. Review of Demographic and Economic Factors

The Castro Valley Plan, adopted in 1974, contains a comprehensive demographic and economic analysis of the Castro Valley community¹. It is not necessary to repeat in this report the detail or type of analysis which went into the Plan document. However, a review of certain significant factors should prove helpful in connection with the marketability analysis which follows.

The projected rate of population growth in Castro Valley in the recent past has been far less than the area experienced in the early years of development. The estimated population of the area was "four to five thousand in 1940", 18,000 in 1950, 38,932 in 1960 and 45,496 in 1970². This represents growth rates of 300 percent from 1940 to 1950, 116.3 percent during the ten year period from 1950 to 1960 and only 28.7 percent in the more recent decade ending 1970. The present population has been estimated at 45,400, a slight loss in the five year period since the census. The Study Area was estimated to have a population of 1,155 persons in 1970, approximately 2.5 percent of the Castro Valley total.

The County Planning Department projects a high-low range for 1980 of 51,000 - 53,000 and for 1990 of 56,000 - 60,000. With little available buildable land within the framework of the Plan policies and goals, projected growth will come in substantial measure from higher density development in those areas designated for multi-family development. The Study Area contains a substantial portion of the area earmarked for more intensive residential use.

¹Castro Valley Plan - Alameda Planning Department, 1972.

²Ibid.

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The Castro Valley community has a good economic base. The median per family income in 1970 of \$12,981 as shown in the 1970 Census is higher than Hayward, \$11,099; Fremont, \$12,659 and the average for Alameda County, \$11,133. It is somewhat higher than the \$11,802 median for the Bay Area.

An abnormally large percentage of the population is employed. Again, according to the 1970 Census, 19,562 persons out of a total of 44,760 or 43.7 percent were employed¹. The comparable percentage figure for Hayward is 39.4 percent, 38.8 percent for Alameda County and 40.8 percent for the San Francisco - Oakland Standard Metropolitan Statistical Area.

Some major changes in the demographic character of the community have taken and are taking place. Population growth in the younger age bracket is increasing more slowly than the County average and correspondingly the senior citizen population is increasing more rapidly. In 1960, persons 19 years of age or under comprised 41.7 percent of the Castro Valley population -- this declined to 35.3 percent in 1970. The number of persons in the age 20 to 49 category remained approximately the same; 47.4 percent in 1960 versus 48.3 percent in 1970. However, the number of persons over 50 years of age jumped from 10.9 percent of the population in 1960 to 16.4 percent in 1970. Reviewing this data in terms of growth rates indicates that the "under 19" population increased 2.3 percent in Castro Valley from 1960 to 1970 in contrast to a growth of 14.4 percent in this category for Alameda County. There is little difference in the growth of the younger adult group between Castro Valley and the County -- 22.9 percent in contrast to 21.8 percent for the County as a whole. But the over 55 population (the data used for this portion of the analysis does not break at 50 years) grew 78.6 percent in Castro Valley in contrast to a growth of only 16.3 percent in this age bracket in Alameda County. This trend is particularly significant in terms of housing needs and the market for goods and services.

Employment information contained in the 1970 Census indicates that employed residents of Castro Valley commute to all parts of the Bay Area and some beyond. A large majority, 81.8 percent, work in Alameda County, with 57.3 percent working in portions of Alameda County other than the City of Oakland. The south East Bay Area

¹The population for Castro Valley given by the census varies slightly from the estimate of Alameda County as a result of differing estimates for one tract.

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has provided a rapidly increasing employment base for the communities in this region, including Castro Valley. The data in Table 1 provides an indication of the number and trend of employment in this region.

Unfortunately, the State of California has not published information on smaller than county areas since 1970. However, data for the nine-year period ending July 1970, shows that the Hayward Community Labor Market Area has experienced a 78.8 percent increase in total employment during this nine-year period. (This area includes Hayward, San Lorenzo, Union City and other unincorporated areas as well as Castro Valley.) Undoubtedly there has been a substantial increase in employment in this area since 1970. The table also provides employment information for Alameda County for the four year period from 1970 to 1974. Total county employment increased only 5.4 percent during this period with strong increases in Trade, Finance, Insurance and Real Estate and Services, more than off-setting substantial drops in Construction and Agricultural employment. If the Hayward Market Area received the same portion of the county increase it did over the seven years from 1963-1970, 23.1 percent, employment in this area increased to approximately 60,000 by July, 1974.

While there have been a number of major industrial plants which have greatly curtailed employment in the last several years, there have also been major new additions to industrial activity in the southeast Bay Area. We are of the opinion that there has been a continuation in the upward trend in employment in the southeast Bay Region and that this region is likely to continue as a prime recipient of new employment opportunities in the Bay Area in the foreseeable future. Castro Valley residents have greatly benefitted economically from these trends and should do so in the future.

Many other statistics could be quoted but those covered in the preceding paragraphs summarize the important trends for this analysis. They suggest a number of summary statements.

1. Economic conditions in Castro Valley are positive. To the degree that it is significant to proposed development in the Study Area, the Castro Valley economy will support reasonable projections of new development.

TABLE 1.

EMPLOYMENT BY INDUSTRY

	Hayward Community ¹		Percent Increase	Alameda County		Percent Increase (Decrease)
	7/61	7/70		7/70	7/74	
Construction	3,600	3,800	5.5	19,200	16,300	(15.1)
Manufacturing	5,100	9,200	80.4	84,900	86,000	1.3
Transportation, communi- cation & utilities	1,300	3,000	130.7	33,000	32,700	(0.9)
Trade	7,000	12,800	82.9	83,700	95,200	13.7
Finance, insurance & real estate	800	1,600	100.0	17,500	21,700	24.0
Services	5,600	14,400	157.1	62,200	73,500	18.2
Government	6,800	9,500	39.7	105,700	105,900	0.2
Mineral extraction				1,100	1,000	(9.1)
Agriculture & other	<u>500</u>	<u>600</u>	20.0	<u>5,200</u>	<u>2,400</u>	(53.8)
Total	30,700	54,900	78.8	412,500	434,700	5.4

¹Generally includes Castro Valley, Hayward, San Lorenzo, Union City and some additional unincorporated areas.

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2. The general acceptability of the Castro Valley area and the pressure of population and employment growth in the south East Bay region will support in the long run, any "market rate" residential housing offered in the community.
3. The rapid and continuing growth of employment opportunities in the south East Bay region will provide increasing purchasing power to support other types of development projected for the Study Area. This is not to say that financial support from Castro Valley residents is large enough to provide a market for any commercial use which might be developed. A large portion of purchases of goods and services by Castro Valley residents is outside Castro Valley. Only a small portion of Castro Valley employed persons work in the community. These conditions, which have a major impact on the demand for various types of commercial floor space in the community, will not change rapidly.
4. The trend to smaller families will basically change the type of housing in demand in Castro Valley and will affect the Study Area favorably.

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III. REVIEW OF POSSIBLE USES

A. The Screening Process

The basic purpose of this study is to determine the marketability of certain uses which exist or which could be incorporated in the Study Area. However, there are a number of important considerations in addition to marketability which help determine the desirability of expanding or incorporating a specific use in the Castro Valley West End Study Area. These additional considerations include the social and environmental impact as well as the effect of the proposed uses on existing activity. Consideration must also be given the financial impact of the proposed development on the county government. In order to find some basis for relating these non-market considerations to those concerning the private sector developer, it is necessary to establish a basis for identifying and weighting these considerations and scoring each use. To accomplish this, a rating matrix has been constructed and applied to potential uses for the Study Area. The screening process permits an indication of the overall contribution of the various uses to the welfare of the larger Castro Valley community. It also permits a review of how the uses interact with one another and what contributions they make to one another and to the community.

In the matrix, Table 2, the land uses are shown horizontally across the top of the page while the criteria along with their weights are shown vertically along the left hand side of the page. The criteria for rating specific land uses are broken into four basic groupings. These are the economic effects, both public and private, of the proposed land use, the social impact, the environmental impact and the impact on selected uses presently in the West End area. Each specific criterion within these broader categories is then assigned a weight which is the relative value of that criterion for the study area. The final score is obtained by taking the number assigned the land use category for a given criterion (these numbers range from -5 to +5) and multiplying by the criterion weight. For instance, the marketability/quantity of multifamily sale residential land use is 2. The marketability/quantity weight is 10, so the actual score for the marketability/quantity of this use is 20 (2 x 10).

The total weights of all criteria add up to 100. The economic-private sector criterion carries the heaviest weight with a total of 32. This acknowledges the necessity of both marketability and investor appeal (re-

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turn/dollar invested) of most potential land uses. Under marketability, quantity refers to total marketability over a ten-year period while immediacy refers to the marketability of that use in the next one to three years (there may be a substantial market, but it will not occur for some distance into the future). Capital intensity refers to the amount of investment per unit of land. A single-family home takes a far smaller investment than does a typical office structure, particularly one of a high-rise nature.

Certain of the potential land uses are generally provided by local government as opposed to private enterprise. These uses are parks and open space, and, in most cases, academic and training facilities. (In this analysis, it is assumed that assisted housing would be provided by State or Federal Government.) Although scores have been assigned the marketability criteria for these uses, they are essentially measures of the public need and patronage expected as opposed to an economic market demand for a privately developed and operated use.

The economic-public sector criterion refers to the impact of particular use on the county and special districts. Where applicable, initial Capital Requirements and Operation and Maintenance receive negative scores for potential land uses since these two activity centers involve the expenditure of public funds. Any land use, for instance, will generate the need for police and fire protection as well as other services which the county and special districts are required to provide. Revenue Generated, on the other hand, has a positive rating number and attempts to measure the tax revenues generated by a specific use.

The second of the general categories of non-market considerations is social impact. Three factors have been listed under this heading. The first is housing, or the general benefit from each use in adding to the housing supply particularly for middle and lower income families. The second factor is employment, where each use was scored as to how much additional employment it would provide in Castro Valley. In this instance, employment is measured in terms of that provided by the implemented land use, exclusive of that generated during construction. Thirdly, all uses were rated as to their ability to add to the opportunities of Castro Valley citizens for recreation and cultural activity.

TABLE 2.

USE RATING MATRIX

Preliminary Land Use Screening - Castro Valley West End Study

ECONOMIC	Weight	<div> <div>Low Density Residential--Sale</div> <div>Multi-Family Residential--Sale</div> <div>Multi-Family Residential--Rental</div> <div>Assisted Housing--Elderly</div> <div>Assisted Housing--Family</div> <div>Support Commercial</div> <div>Commercial--Parking Structure</div> <div>Recreational Commercial</div> <div>Offices--General</div> <div>Offices--Medical</div> <div>Hotel/Motel</div> <div>Light Industrial</div> <div>Hospital/Special Care Facility</div> <div>Academic & Training</div> <div>Parks, Open Space</div> </div>															
		10	1	2	4	3	2	3	1	4	1	4	4	1	4	2	5
Private Sector																	
Marketability-Quantity	10	4	3	4	4	2	2	0	5	2	2	2	0	3	0	2	
Marketability-Immediacy	6	1	2	3	2	2	2	1	3	3	3	3	1	2	1	0	
Return/Dollar Invested	6	1	2	3	3	2	3	3	2	3	3	3	2	3	3	0	
Capital Intensity																	
Public Sector																	
Initial Capital Requirement	6	0	0	0	0	0	0	0	0	0	0	0	0	0	-3	-5	
Operations & Maintenance	7	-1	-2	-2	-3	-4	-2	-2	-2	-2	-2	-2	-2	-2	-3	-5	
Revenue Generated	7	2	3	3	2	2	3	1	3	3	3	3	2	3	1	0	
SOCIAL IMPACT																	
Housing	5	2	3	4	5	5	0	0	0	0	0	0	0	0	2	0	
Employment	5	0	0	0	0	0	2	1	2	4	4	4	3	4	3	1	
Recreation/Cultural Opportunities	5	0	1	1	1	1	0	0	5	0	0	1	0	0	4	5	
ENVIRONMENTAL IMPACT																	
Traffic	7	-1	-2	-2	-1	-2	-3	-3	-4	-3	-3	-3	-3	-3	-3	-1	
Noise & Air Pollution	4	0	-1	-1	-1	-2	-2	-3	-3	-1	-1	-2	-3	-2	-2	0	
Open Space	6	1	1	1	1	1	1	0	1	0	0	1	0	1	1	5	
IMPACT ON EXISTING DEVELOPMENT																	
Residential	4	5	3	2	2	-2	-2	-3	-3	-1	0	-2	-4	-2	-2	5	
Retail Commercial	4	1	4	4	2	3	4	5	2	4	4	3	2	2	2	1	
Office	3	0	1	1	0	0	3	5	1	5	4	3	1	1	1	2	
Medical Complex	5	2	3	3	4	3	1	1	1	2	5	1	1	5	2	1	
WEIGHTED TOTALS		112	135	178	154	83	96	27	132	105	151	123	10	132	47	93	

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The third broad category is that of environmental impact which measures the effect of a given land use on the quality of the environment. Traffic and noise and air pollution are assigned negative numbers to measure the relative amount of traffic and pollution created by a given use. Open space is assigned a positive number to acknowledge the beneficial effect of this impact.

Impact on existing development is the last criterion group. This criterion assumes the construction of the proposed land use very close to the existing development and the rating number can be either negative or positive. It was felt, for instance, that an industrial land use would have a negative effect on the existing residential development in the Study Area. Office development would have a very beneficial effect on existing office development and so on. Basic consideration was given four land uses as the most important activities in the Study Area, residential, retail commercial, office and medical related.

B. Conclusions as to Uses to be Further Studied

The results of the screening process are shown on the table on the preceding page. The numbers at the bottom of the table are the weighted totals achieved by multiplying the rating in each box by the weighting given that category as shown in the left hand column and summarized for each use. The results show a considerable disparity between the high and low weighted totals. Uses which show high ratings in the order of their rank are:

- Multi-Family Residential -- Rental
- Assisted Housing -- Elderly
- Office -- Medical
- Multi-Family Residential -- Sale
- Hospital/Special Care Facility (tie for 5th and 6th place)
- Recreational Commercial

Those uses which are in an intermediate zone continuing the rank order of their ratings are:

- Hotel/Motel
- Low Density Sale Residential
- Offices -- General
- Support Commercial
- Parks, Open Space

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Those uses in the first grouping scored well in all sectors, i.e., some market strength is anticipated, they are not an undue burden on the public sector and do not offer a high negative impact on the environment and surrounding uses. The combination of these factors varies from use to use but it is obvious that none of this group scores poorly in any basic category. Each of these uses should be carefully considered in the comprehensive market analysis.

The second grouping includes uses which either score highly in some categories and poorly in others or represent a combination of no high ratings or very low ratings. For instance, Office -- General scores well in most categories but preliminary indications suggest low marketability. Hotel/Motel development gets fairly high marks from the private sector but is dropped down in the ratings by the "fair" marks it receives in the social and environmental sectors. Support Commercial development scores only fair in the private sector items as well as the social and environmental sectors, thus providing a lower total ranking.

Assisted Housing -- Elderly owes its high rank in part to a high score in the immediacy of the market demand. Since this use is dependent on public funds for development, this ranking would be somewhat reduced if it appears that funds could not be obtained for this purpose for some period of time.

Very low ratings are achieved by Academic and Training facilities, Commercial-Parking Structure, and Light Industrial. It appears that these uses can be eliminated out of hand. (The only change in this grouping would be an active public interest in a new Junior College in the Study Area, which seems unlikely for several reasons.) A borderline situation is Assisted Housing -- Family with a final score of 83, 10 points below the lowest of the uses in the second grouping above -- Parks, Open Space. In the latter case, the results do not suggest the exclusion of Public Parks and Open Space from redevelopment of the Study Area. However, there is no basis for marketability analysis from an economic standpoint. Including this use in this exercise provides an indication of its relative position considering principally economic factors. Conversely, even though Single-Family -- Sale housing has received a mid-range rating, the lack of available land to permit a project of economic proportions* and the likelihood that other uses carry higher priorities

*(a project of 50 units of R-1 development would require a minimum of 5.74 acres of net usable land and possibly as much as 7.65 acres of gross area.)

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from the community's viewpoint suggest the exclusion of this use from further consideration.

The basic purpose of this analysis is determining those uses which are inappropriate for expansion or development in the Study Area and for which detailed market analyses will not be performed. (This is a somewhat circular process in that preliminary estimates of marketability were made in rating the uses in the matrix analysis. For this purpose, data screened from early field work and in some instances generally accepted market conditions were applied.) There is no obvious dividing line between the uses which should be considered and those which should not. It seems self-evident that those at the very low end of the scale should be eliminated. These include Light Industrial, Commercial Parking Structures and Academic and Training facilities. In the gray area are Assisted Housing -- Family, Retail and Support Commercial and Office -- General.

Assisted Family Housing would require a sizeable tract to provide necessary play yards. Also, it is desirable that such housing be located away from heavy automobile traffic and commercial activity. This combination of factors suggests that publicly assisted family housing should not be considered for the Study Area.

Support Commercial rarely generates a large floor area demand. These activities (stationery stores, printing shops, office supply, sales and service, etc.) usually utilize existing space at lower rentals. This use is considered as an adjunct to the study of General Office space. General Office space should be considered in spite of its "fair" ranking since new development in the Study Area might well provide a changed atmosphere and added demand for this use.

The recommended uses for detailed Market Analysis are:

Residential

Multi-Family -- Sale

Multi-Family -- Rental

Assisted Housing -- Elderly

Commercial

Office -- General

Office -- Medical

Support Commercial

Recreational Commercial

Hotel/Motel

Institutional

Hospital/Special Care Facilities

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IV. MARKET FOR RESIDENTIAL DEVELOPMENT

A. Residential Construction in Castro Valley

1. The Market Area

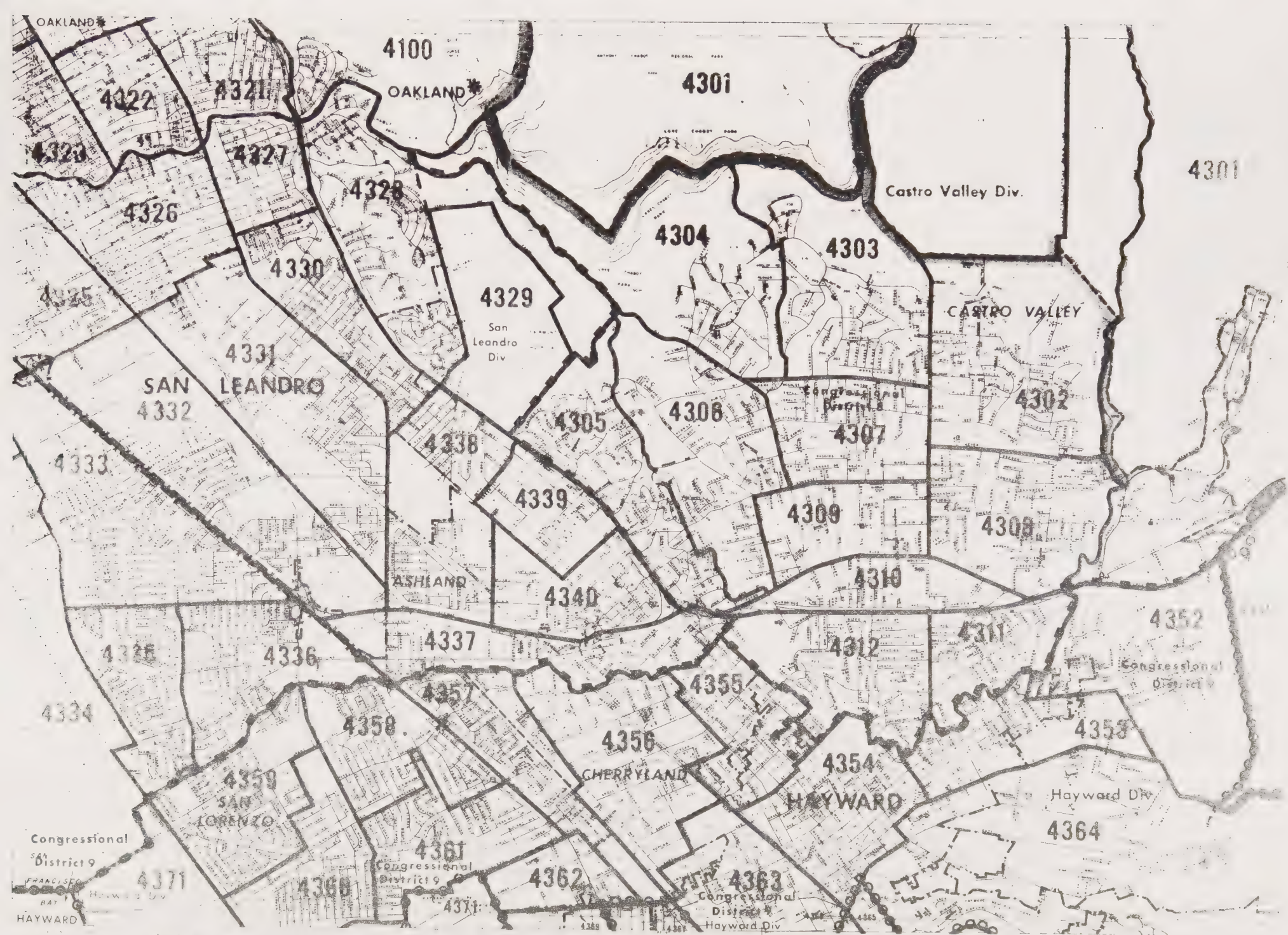
In defining the housing market areas for this study of the Castro Valley West End, we have set the boundaries for multi-family rental housing units as those of the Castro Valley Planning Area (Census Tracts 4301 through 4312)¹. Apartments in this area compete with those in adjoining areas, (perhaps the entire Eden Planning Unit and beyond). The Castro Valley community is somewhat isolated and readily measureable as a market both as to past experience and in terms of projected holding capacity. Although Census Tracts 4311 and 4312 (the map on the following page shows the census tract boundaries in this area) are considered to be part of the Castro Valley community, this area south of Interstate 580 is somewhat isolated from the balance of the community; access is limited to three underpasses. Rental units in these two tracts are competitive more with apartment projects in Hayward than those in Castro Valley. Thirty-two percent of the new apartments for which permits were issued from 1970 to 1974 are in this area.

In determining the market area for multi-family sales units, two factors influenced the setting of the boundary:

- a. The relatively small number of multi-family sales projects built in the last three years in Castro Valley.
- b. The townhouse projects with units priced under \$40,000 satisfy a much broader market potential than just the population of Castro Valley. The price break at \$40,000 was selected because it is felt that the Study Area would not support townhouse development in the higher-price ranges competing with the single family houses being built in Castro Valley. In this instance, the market area has been expanded to the Eden Planning Unit which includes San Leandro, San Lorenzo and Hayward as well as Castro Valley and other nearby unincorporated areas.

¹A portion of Census Tract 4351 is also included in the Castro Valley Planning Area.





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2. Projected Development

Table 3 summarizes additions to Castro Valley's housing stock from 1970 through 1974. In the five-year period 1970 to 1974, 47 percent of new housing units in Castro Valley were single-family dwellings; 53 percent were units in multi-family structures. The annual absorption rate over this five-year period for all 12 census tracts was 86 single-family units and 96.8 multi-family units.

Based on the County of Alameda Planning Department projections for new housing requirements from 1970 to 1990, the estimated annual absorption rate for single-family dwellings (6 or more rooms) in Castro Valley is 250 units; for multi-family units (1-5 rooms), 170 units per annum.

The adverse economic forces that have depressed home building in the last several years have created a current deficit in the projected housing need in Castro Valley of 820 single-family units and 366 multiple units. For the rate of new housing construction over the next ten years to close this gap and to maintain the annual rate of 420 new units, the annual absorption rate must increase to approximately 332 single-family houses and 207 multiple units per annum. This is over twice the average new dwelling unit construction during the period 1965 to 1975. Because the undeveloped hillside acreage will be almost exclusively in single-family residences (42 percent of 1970-1974 single-family home construction was in tract 4301 in the northeast corner of the community), the multi-family structures will be built primarily in the Castro Valley central area of which the Study Area is part.

During the past four years the Eden Planning Unit has added 2,340 new single-family dwellings which includes our multi-family sales category. This averages 585 per annum. We have not attempted to forecast total annual construction of new single family units in this area. It seems apparent that total overall demand will be adequate to support proposed development in the Study Area. The inhibiting factor will be immediate environment and the type of buyers most likely to be attracted to the Study Area.

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TABLE 3 BUILDING PERMITS ISSUED IN CASTRO VALLEY
BY TYPE OF STRUCTURE
1970-1975

Year	Single-Family		Multi-Family		Total Units
	Number	Percent	Number	Percent	
1970	29	21.6%	105	78.4%	134
1971	76	55.1	62	44.9	138
1972	142	46.7	162	53.3	304
1973	102	65.0	55	35.0	157
1974	<u>81</u>	<u>44.8</u>	<u>100</u>	<u>55.2</u>	181
Total 1970-1974	430	47.0%	484	53.0%	914
1975 (6 mos.)	71	66.4%	36	33.6%	107

B. Market Rate Rental Apartments

1. Survey Results

The market area for the existing inventory of apartment rental units has been defined as the Castro Valley Planning Area. A total of 48 multi-family rental projects were surveyed in the Castro Valley Planning Area; the results of this survey are shown in Tables 4 and 5 for selected projects in the Study Area, nearby to the Study Area, and other neighborhoods in the Castro Valley Market Area.

The majority of the projects in the survey were relatively small, in terms of total units; most had less than 50 units. Only two projects, The Continental and Highland Place are large projects with more than 100 units. A total of 1,626 units were surveyed; almost two-thirds of these were two-bedroom units and over 70 percent commanded a monthly rent of less than \$200, unfurnished. The survey findings by project size, unit mix and average monthly rents are summarized in Table 6.

TABLE 4.

SELECTED APARTMENT PROJECTS - CASTRO VALLEY WEST END STUDY AREA

<u>Address/Name</u>	<u>Build. Type</u>	<u>Overall Project Rating</u>	<u>Year Built</u>	<u>Units</u>	<u>Unit Type No. of Baths</u>	<u>Unfurn. Rental Range</u>	<u>Unit Sq. Ft.</u>	<u>Rent/ Sq. Ft.</u>	<u>Units Rented Aug. 1975</u>
21000 Baker Road Don Castro	Garden	Excellent	1972	19 2 21	2 BR 3 BR	\$225 -	N.A. -	\$.247 ¹ -	100%
Total									
21013 Baker Road	Garden	Good	1975	2 1 3	2 BR, 1 3 BR, 2	255 325	1,000 1,300	.255 .250	100%
Total									
21010 Baker Road	Garden	Fair	1970	5	2 BR, 2	190	N.A.	.209 ¹	80%
20573 Wisteria St. Capri	Garden	Good	1959	1 15 16	1 BR, 1 2 BR, 1	165 170	N.A. N.A.	.233 ¹ .193 ¹	100%
Total									
20519 Wisteria St. The Carlton	Garden	Fair	1965?	6 6 12	1 BR, 1 2 BR, 1	- 175	N.A.	.198 ¹	100%
Total									
20475 Wisteria St. Arcady	Garden	Fair+	N.A.	40 1 41	1 BR, 1 2 BR, 1	155 200	500 N.A.	.312 ¹ .227	100%
Total									
20511 Anita Ave. Anita Plaza	Garden	Fair	N.A.	31 1 32	1 BR 2 BR	150 N.A.	N.A.	.212 ¹ -	100%
Total									
20441 Anita Ave. Anita Arms	Garden	Fair	N.A.	6 30 3 39	1 BR, 1 2 BR, 1+ 3 BR, 1	145 157-160 187	N.A. N.A. N.A.	.205 ¹ .178 .187 ¹	.181 ¹ 100%
Total									

SELECTED APARTMENT PROJECTS - NEAR TO CASTRO VALLEY WEST END STUDY AREA

20156 Stanton Avenue Eden Terrace	-	Good	-	50 3 53	2 BR, 1½ 3 BR, 1½	\$200 219	N.A.	\$.227 ¹ -	100%
Total									
20004 Stanton Avenue Villa Royal Apts.	Garden	Fair	1960	5 35 2 42	1 BR, 1 2 BR, 1 3 BR, 1	165 190 225	N.A. 750	.234 ¹ .253	98%
Total									
19972 Stanton Avenue Winston Manor	Garden	Fair	1958	24 32 5 61	1 BR, 1 2 BR, 1 3 BR, 2	160 190 250	N.A. N.A.	.227 ¹ .215 ¹	98%
Total									
20607 Congress Way St. Francis Apts.	Garden	Poor	-	12 15 27	1 BR, 1 2 BR, 1	110-140 130-150	600 750	.183-.233 .173-.200	93%
Total									
20358 Park Way Valley Palms Apts.	Garden	Fair	1958	22	2 BR	160-180	N.A.	.181-.204 ¹	95
20353 Park Way Park Tower Apts.	Townhouse	Good	1963	24 24 3 51	1 BR, 1 2 BR, 1½ 3 BR, 2½	165 215 260	N.A. N.A.	.234 ¹ .236 ¹	100
Total									
19954 Lake Chabot Road Meallon	-	Fair	-	12	2 BR, 1	185	N.A.	.210 ¹	100
20320-42 Wisteria St. Pines Apts.	Garden	Fair	1960	16	2 BR, 1	185	800	.231	100
20188 Wisteria St. Wisteria Apts.	-	Poor	1962	2 9 11	1 BR, 1 2 BR, 1	- 198	N.A.	.224 ¹	100
Total									
20116-20120 Anita Ave.	Townhouse	Good	1965?	8	3 BR, 1	240	-	-	100
20054 Anita Ave. The Virginian	Townhouse	Good	1973	10 4 14	2 BR, 1½ 3 BR, 1½	245 265	1,200 1,600	.204 .166	100
Total									
20019 San Miguel Ave. Casa Miguel	Garden	Old-Poor New-Good	1960 1971	17 28 45	1 BR, 1 2 BR, 1-1½	140 165-225	N.A. N.A.	.198 ¹ .187-.247 ¹	100
Total									
20848 Chester St.	Garden	Good	1973	10 1 11	2 BR, 1 3 BR, 1	210-220 235	N.A.	.238-.249 ¹	100
Total									
20879-20881 Wilbeam Ave. Villa Cordova & Villa Hermosa	Garden	Fair	1960	52	2 BR, 1	190-195	N.A.	.215-.221 ¹	96
20928 Wilbeam Ave. Garden Park	Garden	Fair	1960	26 26 52	1 BR, 1 2 BR, 1	165 185	N.A. N.A.	.230 ¹ .210 ¹	98
Total									
20499 Santa Maria Ave. Bon Aire Apts.	Garden	Fair	N.A.	47	1 BR, 1	175	-	-	100%
3560 Jamison Way Pinehaven Garden	Garden & Townhouse	Excellent	1972	7 7 18 32	1 BR, 1 2 BR, 2 3 BR, 2½	245 295-310 385	N.A. 980	.347 ¹ .301-.316	94%
Total									
3612 Jamison Way	Garden	Good+	1973	8 1 9	2 BR, 2 3 BR, 2	275 -	N.A.	.302 ¹	100%
Total									

N.A. (Not Available)

¹Based on square foot area of typical apartment units.

TABLE 5.

SELECTED APARTMENT PROJECTS - OTHER CASTRO VALLEY MARKET AREA

Address/Name	Build. Type	Overall Project Rating	Year Built	Units	Unit Type No. of Baths	Unfurn. Rental Range	Unit Sq. Ft.	Rent/ Sq. Ft.	Units Rented Aug. 1975
18500 Redwood Road Mancini Apartments	Garden	Excellent	1972-75	24	2 BR, 1½	\$295	1,140	\$.259	100%
3958 Castro Valley Blvd. Valley Terrace	Garden	Excellent	1961	1 42 43	1 BR, 1 2 BR, 1	- 180-190	- N.A.	-.204-.215 ¹	98%
20446 Forest Road The Gables	Garden	Good	N.A.	9 17 5 31	Eff., 1 1 BR, 1 2 BR, 1	155 170 190	- N.A. N.A.	-.241 ¹ -.215 ¹	97%
20313 Forest Road Laguna Pines	Garden	Good	1960?	9 4 13	1 BR, 1 2 BR, 1	170-180 195-205	750 1,000	.227-.240 .195-.205	100%
20117 Forest Road	Townhouse	Good	Early 60s	11 2 13	2 BR, 1½ 3 BR, 1½	190 250	1,000 1,200	.190 .208	100%
22565 Center Street	-	N.A.	1975	9	3 BR, 1½	300	1,500	.200	Under Const.
22322 Center Street The Metiline	Garden	Good	Early 60s	1 14 15	1 BR 2 BR	- 185-195	- N.A.	-.209-.221 ¹	100%
22281 Center Street Continental	Garden	Excellent	1962	17 89 2 108	1 BR, 1 2 BR, 2 3 BR, 2	170 195 250	500-600 900 1,200	.340-.283 .217 .208	100%
22302 & 22240 Center St. Cedar Apts. & Cedar North	Garden	Excellent	1961 & 1969	48 28 6 82	1 BR, 1 2 BR, 1 3 BR, 2	175-190 195-210 275-325	N.A. N.A. -	.248-.269 ¹ .221-.238 ¹	100%
22202-22218 Center St. Center St. Apts.	Garden	Poor	late 1950s	1 19 20	1 BR, 1 2 BR, 1	140 160-170	N.A. N.A.	.198 ¹ .181-.193 ¹	100%
22185 Center St. The Banff	Garden	Fair	1959	64	2 BR, 1	165-175	N.A.	.187-.198 ¹	92%
22160 Center St. Creekside Terrace	Garden	Excellent	1973	24 28 52	1 BR, 1 2 BR, 1-2	200-205 245-265	708- 811 900-1018	.282-.252 .272-.260	100%
22120 Center St. Shadow Creek	Garden	Excellent	1974	24 24 48	1 BR, 1 2 BR, 2-2½	210-230 260-330	676- 792 941-1415	.311-.290 .276-.233	94%
12421 Gary Drive Villa Vista	-	Fair	early 1960s	6 18 24	1 BR, 1 2 BR, 2	150 195	N.A. N.A.	.212 ¹ .214 ¹	100%
2275 Grove Way Baywood	Townhouse	Good	1963	6 30 36	1 BR 2 BR	165 190-195	N.A. N.A.	.234 ¹ .215-.221 ¹	100%
2481 Grove Way Villa Grove Apts.	Garden	Poor	1960	8 20 10 38	1 BR 2 BR 3 BR	150 185 220	N.A. N.A. -	.212 ¹ .209 ¹	89
2506 Grove Way	-	Poor	N.A.	19	2 BR, 1	175	N.A.	.198 ¹	100%
2511 Grove Way Townhouse Plaza	Garden & Townhouse	Good	1965- 1972	13 44 15 72	Eff., 1 2 BR, 2 3 BR, 1½-2½	145 245-250 305	- N.A. -	-.269-.274 ¹	99%
2568 Grove Way	Garden	Good	1960-62	12	2 BR, 1	165-185	N.A.	.187-.208 ¹	100%
2762 Grove Way	-	Fair+	1972	16 4 20	1 BR 2 BR	190 225	N.A. N.A.	.269 ¹ .255 ¹	100%
2270 Miramar Ave. Panoramic Apts.	Garden	Fair+	1964	9 32 41	1 BR, 1 2 BR, 2	155-170 175-200	N.A. N.A.	.220-.241 ¹ .192-.220 ¹	100%
19100 Crest Ave. Highland Place	Garden	Excellent	1967, 1969, 1972	35 63 10 108	1 BR 2 BR 3 BR	235-260 305-360 380-400	950-1,000 1,170-1,400 1,480-1,600	.247-.260 .261-.257 .257-.250	98%

N.A. (Not Available)

¹Based on square foot area of typical apartment units.

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Since the April, 1970 Census, several new multi-family rental projects have been built in the Study Area on Baker Road. In 1972, a 21-unit apartment building was completed at 21000 Baker Road (Don Castro Apartments). This project has an overall environmental rating of excellent, which may account for the rent level being considerably higher than

Table 6. CASTRO VALLEY MARKET AREA APARTMENT SURVEY - AUGUST 1975

Project Size, by Number of Rental Units

Number of Units	West End Study Area		Near to Study Area		Other Castro Valley		Castro Valley Market Area	
	#	%	#	%	#	%	#	%
Under 20	4	50.0	7	38.9	6	27.3	17	35.4
20 - 49	4	50.0	7	38.9	10	45.5	21	43.7
50 - 99	0	-	4	22.2	4	18.2	8	16.7
Over 100	0	-	0	-	2	9.0	2	4.2
	8	100.0	18	100.0	22	100.0	48	100.0

Unit Mix, by Number of Bedrooms

Unit Type	West End Study Area		Near to Study Area		Other Castro Valley		Castro Valley Market Area	
	#	%	#	%	#	%	#	%
1-BR	84	49.7	164	29.0	223	25.0	471	29.0
2-BR	79	46.7	356	63.0	593	66.5	1,028	63.2
3-BR	6	3.6	45	8.0	54	6.1	105	6.5
Other	0	-	0	-	22	2.4	22	1.3
	169	100.0	565	100.0	892	100.0	1,626	100.0

Average Dollar Rent Per Unit

\$ Rent	West End Study Area		Near to Study Area		Other Castro Valley		Castro Valley Market Area	
	#	%	#	%	#	%	#	%
150 - 174	140	82.8	94	16.6	115	12.9	349	21.5
175 - 199	5	3.0	344	60.9	464	52.0	813	50.0
200 - 249	24	14.2	72	12.7	124	13.9	220	13.5
250 or more	0	-	55	9.7	189	21.2	244	15.0
	169	100.0	565	100.0	892	100.0	1,626	100.0

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the average for the Study Area. Just completed in 1975 is a triplex at 21013 Baker, again commanding a much higher rent level. For these two projects, the average rent per square foot is \$0.25. For the apartments of only fair quality elsewhere on Baker Road, the square foot rent is approximately \$0.20.

As for the physical features, all the Castro Valley Market Area apartment projects surveyed were garden-type, 2 or 3-story buildings. In the Study Area north of Castro Valley Boulevard, most of the projects bear a strong resemblance to standard motel architectural design of the late 1950s. In contrast, six projects in the Castro Valley Market Area are notable examples of the excellent "quality of environment" rating: These projects are:

Pinehaven Gardens	3560 Jamison Way
Continental Apartments	22281 Center Street
Cedar Apts.	22302 Center Street
and Cedar North	22240 Center Street
Creekside Terrace	22160 Center Street
Shadow Creek	22120 Center Street
Highland Place	19100 Crest Avenue

There are certain qualitative factors which will attract renters in the middle and upper-middle income groups to a specific project. One set of factors relates to the quality of the project's environment which includes architectural design, site planning, extensive landscaping and a desirable and sought-after location. Another set of factors relates to the number and type of amenities in the unit (such as good quality carpeting and drapes, latest kitchen equipment) and those amenities on the premises, such as recreational facilities (swimming pool, tennis courts, active play areas) and clubhouse (or rooms) for social activities.

Large complexes, in terms of land area and a higher density of units per acre, usually can support these qualitative factors. The front-end costs of quality interior furnishings, recreational facilities, and landscaping with mature trees and shrubs can be capitalized over a large number of income-producing rental units; it is difficult to do so in smaller projects.

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2. Supply-Demand Factors for the Study Area

a. Supply Factors

In order to determine what unmet demand may exist for the Study Area's multi-family housing, we must look at the existing housing stock, its characteristics and those of the inhabitants.

The data from the 1970 Census of Population and Housing shows that in the Castro Valley West End Study Area about one-third of the existing units were in single-family houses; housing in the area south of Castro Valley Boulevard is predominantly single-family houses built about 20-25 years ago. (In Census Tract 4310, 73.5 percent, or 684 units, were built prior to 1960.)

Closely related to the two-thirds of the units in multi-family structures is the finding that over 80 percent of the units in the Study Area were renter-occupied. The average monthly contract rent in 1970 was \$130.00; multiplied by the percentage change in the Price Index for rental units in the Bay Area, a 1975 average rent level of \$159.00 per month is indicated for the Study Area.

Both the 1970 Census of Housing data and the multi-family housing survey clearly indicate that there are two distinct sub-areas within the West End Study Area. As mentioned above, most of the housing units located south of Castro Valley Boulevard are single-family residences; in the census blocks in the Study Area (Tract 4310, Blocks 205 and 206) 76.6 percent of the units are in one-unit structures. In contrast, 75.8 percent of the housing units located north of Castro Valley Boulevard are in structures of two or more units; 64.1 percent of these multi-family units are in structures with 10 or more units. The following table shows the unit mix of housing by census tract and block.

Castro Valley West End Study Area

TABLE 7 Blocks Including the Study Area*

<u>Located in Census Tract</u>	<u>Housing Units</u>	<u>Single-Family Units</u>		<u>Multi-Family Units</u>	
		<u>No.</u>	<u>%</u>	<u>No.</u>	<u>%</u>
4310					
205	72	43	59.7	29	40.3
206	<u>95</u>	<u>85</u>	<u>89.5</u>	<u>10</u>	<u>10.5</u>
Total	167	128	76.6	39	23.5
4309					
202	151	38	25.2	113	74.8
203	201	61	30.3	140	69.7
204	488	90	18.4	398	81.6
206	<u>28</u>	<u>21</u>	<u>75.0</u>	<u>7</u>	<u>25.0</u>
Total	868	210	24.2	658	75.8

*Only two of these blocks are entirely inside the Study Area.

Source: Block Statistics - 1970 Census of Housing

From the 1970 Census of Housing data, it is evident that the standard of housing -- as measured in monetary terms in the two census tracts, 4309 and 4310 (in which the majority of the Study Area's housing is located) -- is less than in the predominantly residential census tracts in other parts of Castro Valley. Table 8 illustrates this difference by the estimated percent of housing units whose occupants are in the middle and upper income groups and a comparison of mean income levels and housing values and rent levels.

b. Demand Factors

In any urban area, the predominant factor in determining the demand for new dwelling units is population growth, particularly from immigration of persons ages 18 and older. Using the population projections by the Alameda County Planning Department, the estimates for the

Table 8

CASTRO VALLEY PLANNING AREAHOUSING VALUE AND RENT BY CENSUS TRACT IN 1970

<u>Census Tract</u>	<u>Mean Incomes Families & Ind.</u>	<u>Est. % Housing Occ. by Middle & Upper Income Groups</u>	<u>Avg. Value of Owner Occ. Units</u>	<u>Ratio Value to Mean Income</u>	<u>Avg. Mo. Rent of Renter Occ. Units</u>	<u>Ratio Annual Rent Mean Income</u>
4302	\$15,252	70.6%	\$30,600	2.0	\$179	.141
4303	18,052	83.5%	36,600	2.0	199	.132
4304	18,021	90.6%	34,000	1.9	206	.137
4305	12,767	43.5%	25,700	2.0	155	.146
4306	14,595	68.0%	30,300	2.1	182	.150
4307	12,357	51.1%	27,200	2.2	143	.139
4308	11,377	48.7%	26,900	2.4	144	.152
*4309	9,380	41.0%	28,000	3.0	141	.180
*4310	9,366	36.8%	25,500	2.7	127	.163
4311	9,321	37.9%	24,400	2.6	146	.188
4312	11,328	35.9%	25,400	2.2	141	.149

*Tracts in which the Study Area is located.

Source: U. S. Bureau of the Census and Fullerton-Mills Incorporated

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Castro Valley Planning Area are:

	<u>Population</u>		<u>Ten-Year Net Change</u>	
	<u>Low</u>	<u>High</u>	<u>Low</u>	<u>High</u>
1970	45,500		--	
1980	51,000	53,000	+5,500	+7,500
1990	56,000	60,000	<u>+5,000</u>	<u>+7,000</u>
20-year increase:			10,500	14,500

The estimated population of the West End Study Area in 1970 was 1,155 which represented 2.54 percent of the total Castro Valley population. If this percentage is held constant, then the Study Area's share of the net increase would be:

	<u>Population</u>	
	<u>Low Series</u>	<u>High Series</u>
1970 - 1980	+140	+191
1980 - 1990	<u>+127</u>	<u>+178</u>
20-year increase:	267	369

However, if the assumption is made that there will be a larger proportion of high density residential development in the Castro Valley core area, then the Study Area's share of the total population could achieve as much as 5.0 percent in 1990 -- twice the existing proportion. This estimate is based on the projected population who will be housed in these neighborhoods by 1990, the types of units which appear appropriate for the Study Area and the availability of undeveloped land. On this basis, the total population for the Study Area would be 2,800 for the low projection and 3,000 for the high. Deducting the present population of 1,155 indicates increments of 1,645 and 1,845 -- 15.7 percent of the projected increase, low series, and 12.7 percent of the high series increase.

The Block Statistics of the 1970 Census indicate that the average household size in the blocks containing the Study Area is 2.5. Using this

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statistic, the population increase can be translated into the number of new dwelling units required as shown in the table below. However, we estimate that average household size for units will average two persons since most of the units will be multi-family and many of those for the elderly.

Table 9

ESTIMATED NEW DWELLING UNITS
IN THE WEST END STUDY AREA

Study Area Population as a Percent of Castro Valley

	<u>Held Constant</u>		<u>Increasing Proportion</u>	
	<u>Low</u>	<u>High</u>	<u>Low</u>	<u>High</u>
Household Size = 2.5				
Annual Increase in Dwelling Units	5	7	33	37
20-year Increase	107	147	658	738
Household Size = 2.0				
Annual Increase in Dwelling Units	7	9	41	46
20-year Increase	134	184	823	923

3. Conclusions

Given the various assumptions, the number of dwelling units required to house the new population in the Study Area over the two decades from 1970-1990 ranges from 107 to 923. The deficit in new residential construction in Castro Valley during the first half of this decade is discussed earlier in this chapter (page 24). Accordingly, the next decade should experience above average construction of dwelling units if reasonably normal conditions exist. It is concluded that an average of 50 units per year can be absorbed in the Study Area during the ensuing ten years.

Because of the high per unit cost of single-dwelling residential construction, the trend toward higher density residential development in the Castro Valley core area, and the smaller household size of new residents, it is probable that the land use conversion of parcels in the Study Area will be to apartment buildings. Accordingly, it is anticipated

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that 80 percent of the 500 new units will be apartments -- 400. (This corresponds with the ratio of renter to owner occupancy in the Study Area blocks in 1970.) As will be demonstrated in a following section, 190 of these will be for occupancy by persons over 65 years of age. This leaves 210 units of standard multi-family apartments.

To be competitive with projects with an overall environmental rating of excellent in the Castro Valley Planning Area, new apartment rental projects in the Study Area must be both superior to the existing housing stock in the Study Area and comparable to the more recent construction in the Market Area. The consultants believe that the parcels that comprise the Chabot Hill area have the best potential for development of apartment projects.

In the immediate future, new apartment rental housing would command about \$0.30 per square foot for 1-bedroom units and \$0.275 for 2-bedroom units. Monthly rent levels for typical size units would be:

1-bedroom @ 700 sq. ft. = \$210.00
2-bedroom @ 900 sq. ft. = \$248.00

We doubt that many 3-bedroom rental units will be built in the Study Area because of insufficient demand for this unit size, and no efficiency units are recommended because of the fewer numbers of young adults in the population mix, and the elderly being housed in specially designed projects (subsection D to follow). It is anticipated that the unit mix in demand will be approximately 35 percent 1-bedroom and 65 percent 2-bedroom units.

C. Multi-Family Housing Sales

This section deals with the market for townhouses for sale. In the Southern Alameda County region, the majority of new multi-family sales units have been built in townhouse projects. There have been relatively few conversions from apartments to condominiums, or new apartment building-type condominiums built. We are defining townhouses as being attached houses, usually 2-stories, with the term condominium referring to joint ownership and maintenance of recreation facilities and common areas.

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1. Survey Results

Multi-family sales residential development in the West End Study Area would be competitive with the existing and new housing stock in the Castro Valley Planning Area and with new and proposed townhouse or condominium developments in the Eden Planning Unit. Eight recent projects were surveyed in Castro Valley, Hayward, and Union City. The Bay Village Townhouses in Union City was selected because this development is quite comparable to what could be built in the Study Area, not necessarily as to project size, but in type and price range of units. The results of our survey are shown in Table 10.

One multi-family sales project was recently completed in the Study Area; Castro Villas at 21035 to 21069 Baker Road is a 3-building, 18-unit townhouse project with no recreational facilities, minimal landscaping and carport parking. While the buildings themselves are not unattractive, the project has little visual appeal because of poor site planning and placement of the parking facilities. All the units are 2-bedroom, 2 baths, with wall-to-wall carpeting and drapes. As of September 8, 1975, one-half of these units had been sold. The sales price per unit is \$32,950.00, or \$31.20 per square foot. The parcel size is 36,229 square feet (or .83 acres); the project density is approximately 22 units per acre. It should be noted that on a square foot basis, there is little price differential between the 18 units on Baker Road and the Redwood Glen project off Heyer Avenue.

a. Buyer Characteristics

The developer's representative at Bay Village Townhouses provided us with buyer characteristics which are felt to represent the market for future townhouse development in the Study Area. Of the recent purchasers, 70 percent were married couples, 22.5 were single males, and 7.5 were single females. Of the married households, over two-thirds of the wives are working, and there are 1.3 children per married household. The average age of the head of households is 30.9 years. The journey to work of 80 percent

TABLE 10.

TOWNHOUSES AND CONDOMINIUMS IN THE EDEN PLANNING UNIT

Address/Name of Project	Build. Type	Overall Project Rating	Year Built	Project Density Units/Acre	No. of Units	No. of Bedrooms & Bath	Sales Price	Unit Sq. Ft.	Price/Sq. Ft.
<u>Study Area</u>									
21035-21069 Baker Rd. Castro Villas	Townhouse	Fair	1975	22	18	2 BR, 2	\$32,950	1,056	\$31.26
<u>Castro Valley</u>									
19807 San Miguel Ave.	Townhouse	Good	1975	N.A.	5	2 BR, 1½	29,950	1,000 ^e	29.95
4309 Heyer Ave.	Townhouse	Excellent	1975	N.A.	10	2 BR, 2½	58,500	1,850	31.62
<u>Hayward</u>									
1502-1510 E Street The Regency	Condo. 5 story	Good	1973	N.A.	17 6 12 2 <u>37</u>	1 BR, 1 2 BR, 2 2 BR, 2 2 BR, 2	19,900-21,500	708 1,120 1,100 1,075	28.11-30.37
Total Units					37				
2280-2394 D Street Montevista	Townhouse & 1-story	Good	1975	8.6	6 15 6 11 5 <u>43</u>	2 BR, 1½ 3 BR, 2½ 3 BR, 1½ 3 BR, 2½ 2 BR, 1	34,000 39,500 36,500 40,250 32,500	1,100 1,250 1,250 1,360 950	30.91 31.60 29.20 29.60 34.21
Total Units					43				
Second St. & Campus Dr. Vista Green	Townhouse	Excellent	1975	5	38 12 <u>50</u>	2 BR, 2 3 BR, 2½ 3 BR, 2½	39,750 42,800 43,500	1,235 1,382 1,440	32.19 30.17 30.21
Total Units					50				
1020 Clubhouse Dr. Sky West	Townhouse	Good-	1974	17.5	43 10 17 <u>70</u>	2 BR, 2+ 3 BR, 2 3 BR, 2+	\$39,750 - 42,000 45,000 46,000	1,313 1,375 1,434	\$30.27 - 31.99 32.73 32.08
Total - First Phase					70				
<u>Union City</u> ¹									
32155 Alvarado Bay Village Townhouses	Townhouse	Good	1974 (this phase)	N.A.		2 BR, 1 3 BR, 1½ 3 BR, 1½ 3 BR, 1½ 4 BR, 2½	29,990 32,990 33,500 34,990 36,990	900 1,215 1,319 1,400 1,600	33.32 27.15 25.40 24.99 23.12
Total - This Phase					106				

¹Not in Eden Planning Unit^eEstimated

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of the heads of households takes them out of the Fremont, Newark, Union City area. About one-third of the units built in this phase were sold since mid-summer; 85 percent of these sales were financed with FHA-insured mortgages. The square foot cost of the units represents the range most likely to meet effective demand for townhouses priced under \$40,000.00.

b. Quality of Environment Factors

In a study by Dr. Carl Norcross for the Urban Land Institute,^{1/} the respondents to a survey of townhouse owners indicated that the three most desirable environmental features were:

1. Trees, woods, landscaping
2. Open space
3. Recreational facilities

The land area surrounding Chabot Hill has the best potential in the West End Study Area of satisfying these consumer desires, particularly in light of a major trend in the housing market toward consumers' concern with the quality of their environment. This quality factor includes design excellence of the project in addition to the three factors listed above.

2. Conclusions

Because any townhouse project in the Study Area would be competitive with other such projects in the Eden Planning Unit, any new construction again would have to be superior to the existing housing stock. Although the townhouse project on Baker Road has attracted nine buyers (one-half of the available units), we believe that only a limited number of townhouse units could be absorbed in the Study Area in the near future. First, there are more desirable locations with more land area elsewhere in Castro Valley for townhouse development; second, townhouse development usually has been more successful where the unit/land density is relatively low.

^{1/} Townhouses & Condominiums: Residents' Likes and Dislikes (A Special Report), Washington, D. C.: Urban Land Institute, 1973.

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If the current proportion of owner-occupied housing holds constant, (80 percent), the Study Area will have 100 new multi-family sales units built over the next ten years. (See Page 35 for basic computations.) Because of the smaller household size, the unit mix should be primarily 2-bedroom, 2-bath units with 1,200 square feet, selling at \$32.50 per square foot or \$30,000 per unit.

D. Housing for the Elderly

The housing market element of units especially for the elderly is difficult to analyze because of the lack of creditable data on the demand and supply factors for housing the elderly population. In general, housing demand in this market segment is usually related to demand factors of the total population in terms of tenure (sales and rental units) and type of structure (single-family and multi-family).

On the supply side, there are two major submarkets of housing for the elderly -- sales housing and rental units. In the sales submarket, there are a number of large-scale residential developments exclusively for senior citizens (who can be as young as 45 to 50), such as Rossmoor in Walnut Creek and the Villages in San Jose. We believe that a development of this type would not be feasible in the Castro Valley West End Study Area because of the large acreage required for a viable development. However, some sales of townhouses in the Study Area will be to older families.

In the rental housing market for the elderly, there are two primary types of development: profit motivated and nonprofit. The profit motivated project may range from one designed for the elderly with a minimum of special services to a full-service facility. The nonprofit type of project may also offer a range of services, but with special services, because it is sponsored by an organization (religious, fraternal, union) for occupancy by its members. Rental units especially for the elderly are also found in public housing projects managed by a local public authority, in Federally-assisted projects restricted to the elderly and handicapped, or in Section 236 (interest-subsidy) rental housing. Both profit motivated and nonprofit rental housing for the elderly may be insured under the FHA programs if the project meets FHA minimum standards for multi-family structures.

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Federally-assisted housing for the elderly under the provisions of the Housing and Community Development Act of 1974 may be built either under the Sec. 202 direct loan program for housing the elderly and handicapped or under the new Sec. 8 rent-supplement program; the latter course of action is preferred by HUD. Assistance under either HUD program requires that the project have an appropriate number of both low- and moderate-income family units, a unit mix to be determined by the market, and a viable project operation. For the elderly, the housing law defines a "family" as two or more elderly individuals living together or one or more such individuals living with another person determined to be essential to the well-being of the elderly person.

According to information provided by the San Francisco office of HUD, there are only two Federally-assisted housing projects exclusively for the elderly and handicapped in the Eden Planning Unit: the Fargo Senior Center in San Leandro and the Josephine Lum Lodge in Hayward. In addition, assisted housing units for the elderly are available in two other Sec. 236 housing projects: Eden House in San Leandro and Las Casitas in Hayward. However, when the survey was made, we found that only a few units in the latter two projects were leased to the elderly.

1. Survey Results

The table below summarizes the survey results for the Fargo Senior Center and the Josephine Lum Lodge; the latter project has won an architectural award for excellence of design. The Josephine Lum Lodge was opened in phases in the Fall of 1973; each phase was rented out before the official opening. Facilities include a community building with recreation rooms, laundries, and a large community room. Each unit in the project is equipped with an alarm system to both the manager's office and apartment. A one-year lease with a \$25.00 security deposit is required at both projects. All utilities are included in the monthly rent; units have range and oven, refrigerator and garbage disposal; they are carpeted and furnished with drapes.

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TABLE 11 FEDERALLY-ASSISTED HOUSING FOR THE ELDERLY
 EDEN PLANNING UNIT
 ALAMEDA COUNTY, CALIFORNIA

Name of Project:	Fargo Senior Center	Josephine Lum Lodge
Address:	868 Fargo Ave., San Leandro	2747 Oliver Drive, Hayward
Building Type:	Garden, 2-story, elevator	Garden, 2-story, elevator
Overall Project Rating:	Excellent	Excellent
Year Completed:	1972	1973
Percent Units Leased to Elderly:	98	100
Unit Mix:	45 Efficiency, 600 sq. ft. 28 1-Bedroom, 800 sq. ft. 2 2-Bedroom, 900 sq. ft.	50 Efficiency, 560 sq. ft. 90 1-Bedroom, 680 sq. ft. 10 2-Bedroom, 840 sq. ft.
Total Units:	75	150
Monthly Rent/Monthly Rent Per Square Foot:	Eff., \$102, \$0.17 1BR, \$112, \$0.14 2BR, \$143, \$0.16	Eff., \$103, \$0.18 1BR, \$119, \$0.175 2BR, \$139, \$0.17
Gross Land Area (Sq. Ft.):	90,000	200,000
Total Parking Spaces	30	36

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2. Supply-Demand Factors

The percentage of Castro Valley population in the over 65 age category has grown rapidly in the past 20 years. In 1960, 2,045 persons residing in the Castro Valley Planning Area were 65 or older -- 5.3 percent of the total population. In 1970, there were 3,180 senior citizens or 7 percent of the total population. The projection for 1990 is for an elderly population of 9,424, or over 15 percent of the total. In 1970, the two Census Tracts which contained the Study Area had nearly twice as many over 65 aged persons in proportion to all of Castro Valley. The Alameda County Planning Department 1990 forecast is 1,375 persons in the 65 and over age group in Tract 4309, 32 percent of the tract's population, and 643 in Tract 4310, or 27 percent of that tract's total population. Together these two tracts would account for 2,018 elderly persons in 1990, just over 20 percent of the projected total senior citizen population in Castro Valley. This is 1,202 more senior citizens than lived in this area in 1970 and represents 19.3 percent of the total increase for Castro Valley.

This senior citizen population growth will most likely come from the resident population in and around Castro Valley, not from in-migration as in the case of the "Sunshine Meccas" in California, Arizona and Florida. This tripling of the elderly population in a 20-year period will require "far greater provisions for housing, medical, and recreational needs of older members of the community than has been true in the past," as stated in the Castro Valley General Plan.

It would appear that a portion of the over 65 age group qualifies for Federally-assisted housing. According to the 1970 Census, 16 families and 77 unrelated individuals (102 persons in all) residing in these two tracts were over 65 with income below the poverty level.

Alameda County Planning Department has estimated a total requirement of 4,275 new housing units for the elderly by 1990 in the Castro Valley Planning Area. This equates to 1.46 persons per dwelling unit. This ratio is supported by our research. Based on data collected in our survey of the two Federally-assisted

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housing projects in San Leandro and Hayward, approximately 50 percent of the units were occupied by one person and a majority of the balance of the units by two persons. This indicates a ratio approaching 1.5 persons per unit. In forecasting absorption of units for the elderly, we estimate an average household size of 1.65 persons. This suggests a demand for 3,787 dwelling units by 1990 -- about 190 per annum.

While there is a limited amount of information available for analyzing the demand for elderly housing in the Study Area, it is apparent that there has been and will be continued growth of the number of persons over 65 residing in Castro Valley. Much of this population will be individuals and families who have long lived in the area and will wish to stay in the area but in quarters that will be more suitable to their age and activities. Depending on economic status, this demand will translate into absorption of small townhouses and various sizes of apartments.

3. Congregate Housing Projects

One type of housing which would be well suited to more development in the Study Area is so-called "Congregate Housing." This type of housing entails a project especially designed for the elderly which offers:

1. Individual 1-bedroom or deluxe efficiency suites with or without kitchenettes.
2. A full range of special services such as meals, health care and maintenance, personal services and recreation facilities.
3. Immediate access to community facilities and services: medical, shopping, cultural and social.

A number of projects of this type have been developed in the Bay Area at various levels of quality and cost, including St. Paul Towers in Oakland and the Notre Dame Apartments -- the conversion now underway of the former Notre Dame Hospital in San Francisco. Several projects of this type have been successfully developed without government assistance in Southern California, with monthly payments for all services as low as \$350.00. It is questionable that Federal assistance can be obtained to develop such facilities in the Castro Valley Planning Area. The only available program is the HUD Section 8 which provides rental but not construction or financing subsidy.

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HUD does not approve projects providing mandatory daily meal service and, of course, to be eligible tenants must have income which is below the established national poverty level. The new State of California housing program may prove helpful in this situation.

4. Conclusions

At the present time it appears unlikely that Federally-assisted housing for the elderly will be built anywhere in Castro Valley in the foreseeable future. Alameda County's application for Federal assistance, dated February 19, 1975 (with subsequent revisions), requests approval of 120 new Section 8 units for the elderly to be located in Census Tract 4358 and 4361 (in the San Lorenzo area). This same application lists eight other tracts for possible new assisted low income housing, none of which are in or adjoining Castro Valley. It is important to note, however, in development under Section 8 that much depends on specific developer proposals and the availability of acceptable sites. Also, HUD is encouraging the location of elderly assisted housing in higher income neighborhoods, whereas the tracts which have been designated for future development in Alameda County's Assistance Application are generally lower income neighborhoods. Considering this general set of conditions, we have not assumed the development of any Federally-assisted elderly housing over the ten-year projection period.

However, it is concluded that there is a market for privately financed and developed housing for the elderly. This conclusion is predicated on:

- a. The overall higher incomes in Castro Valley.
- b. The ideal location of the West End Study Area, being equi-distant from Castro Village Shopping Area and the Lake Chabot Road Medical Complex.
- c. Excellent climate.
- d. The existence of vacant land suitable for such development in the Chabot Hill area.

The availability of suitable sites will determine what portion of the total 3,787 elderly unit demand for the 1970 to 1990 period can be attracted to the Study Area. Under reasonably expectable conditions, we estimate

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that the Study Area can absorb ten percent of these units. This is a total for the 1976 to 1985 period of 190 units of elderly housing which we believe will be privately developed unless new government assistance programs are provided. For projects in this market area to be feasible, they should be 2 or 3-story garden apartment construction with elevators. Unit sizes should be from 400 to 600 square feet, with either a separate sleeping area or private bedroom and full bath and kitchenette. The estimated rent range at present market levels would be from \$120.00 to \$175.00 a month depending upon amenities provided. If a portion of these units are provided in the Congregate Housing concept, the meals and other services would be in addition to this base rent and some of the units might be without kitchenettes, although it is desirable that they be included in all units.

E. Summary of Conclusions for Residential Development

Our analysis of three types of residential development has provided the following conclusions as to anticipated absorption over the period from 1976 to 1985 of 500 dwelling units distributed as follows:

Market rate rental apartments 210 units

74 1-bedroom units, 700 sq. ft. at \$210/month
136 2-bedroom units, 900 sq. ft. at \$248/month

Multi-family sale housing (townhouses) 100 units

Average 1,200 sq. ft. at \$32.50/sq. ft. -
\$39,000/unit

Housing for the elderly

Federally-assisted none
Private market development 190 units
Efficiencies with sleeping areas or
1-bedroom 400-600 sq. ft. @ \$120-\$175/month

These conclusions assume good quality development and the availability of attractive sites adequate in size for projects of 50 units or larger.

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V. MARKET FOR HOSPITAL -- SPECIAL CARE FACILITIES

A. General Hospitals

1. Supply Factors

A General Acute Care Hospital operates 24-hour in-patient services for diagnosis, short-term care and treatment of patients. This type of hospital provides a broad range of services from very generalized medical-surgical beds to highly specialized and sophisticated service care units. Castro Valley has two such facilities: Eden Hospital and Laurel Grove Hospital, which are both located on Lake Chabot Road adjoining the Study Area. Eden contains 243 beds and is a nonprofit community hospital supported in part by district taxes assessed to Castro Valley residents. Laurel Grove is a proprietary hospital containing 78 licensed beds. A new six-story addition is soon to be completed at Eden Hospital and Laurel Grove also has plans to modernize its facility. No new beds will be added as a result of this expansion and modernization work.

Eight other hospitals with a combined total of 1,158 beds are located within a five-mile radius of Castro Valley. An analysis of each of these facilities relative to bed count and occupancy rate is presented in the demand section of this chapter.

2. Demand Factors

Unlike other land uses such as housing and office space, the marketability of additional hospital beds in an area is not determined solely by competitive supply and demand factors. All hospital beds are licensed by two agencies: the California State Department of Health, and a Federal agency which is the Bay Area Comprehensive Health Planning Council. These groups have stated that the Eden and Washington townships will have a surplus of 872 to 900 beds by 1980. Their projections appear to be conservative since the occupancy estimates used in making forecasts are higher than actual existing or historical occupancy rates.

The 1974 national average for occupancy in a General Acute Care Hospital was 81 percent. The following information pertains to the ten hospitals located

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in Eden and Washington townships and pertains to actual occupancy incurred for the past three years and as of May, 1975.

<u>Name of Hospital</u>	<u>Location</u>	<u>No. Beds</u>	<u>1972 Occupancy</u>	<u>1973 Occupancy</u>	<u>1974 Occupancy</u>	<u>As of: May, 1975</u>
Eden,	Castro Valley	243	55%	56%	53.9%	43.5%
Laurel Grove,	Castro Valley	78	60%	60%	64.5%	68.1%
Doctors,	San Leandro	136	70%	74%	83.3%	71.7%
Estudillo,	San Leandro	6	28%	26%	22.6%	21.7%
Fairmont,	San Leandro	778	N/A	34%	29.3%	70.0%
Kaiser,	Hayward	139	80%	84%	85.7%	N/A
Levine,	Hayward	166	55%	32%	38.7%	N/A
Memorial,	San Leandro	120	84%	100%	87.6%	70.8%
St. Rose,	Hayward	187	62%	63%	59.6%	33.6%
Washington,	Fremont	226	59%	55%	45.2%	N/A

3. Projections

Seven of the hospitals reviewed above, including the two located in Castro Valley, reflect occupancies well below the national average. Occupancy in acute care facilities has been declining since 1967. The reduction is due in part to the decrease of almost a full day in the average time a patient spends in the hospital. In 1967 the average length of stay of an acute-care patient was 7.5 days; Bay Area statistics indicate that this declined to 6.8 days by 1974. Occupancy reductions are partly attributable to increases in outpatient care as well as new controls and changes in medical practice.

The Bay Area Comprehensive Health Planning Council indicates that it is very unlikely that the state

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will license additional hospital beds in Eden-Washington Township Districts in the foreseeable future.

It would appear to be impractical to plan for any additional hospital facilities in the Castro Valley area for the next decade.

B. Extended Care Facilities

1. Supply Factors

Long Term Inpatient Care Facilities are divided into two levels of treatment. Patients who are not in an acute episode of illness but require 24-hour skilled nursing service are placed in a Subacute Skilled Nursing Facility. These establishments receive the highest amount of MediCal reimbursement for each patient. Patients who do not require 24-hour skilled supervision normally stay in Intermediate Care Facilities. A patient who is classified as Intermediate Care may reside in a Skilled Nursing Facility but the reverse is not true.

Eight Skilled Care Nursing Homes containing 444 beds are located in Castro Valley. There are 43 similar facilities containing 2,996 beds within the Eden-Washington townships.

2. Demand Factors

Long Term Nursing Care Facilities, unlike General Acute Hospitals, must maintain near maximum occupancy in order to be economically successful. Convalescent bed occupancy in the Bay Area for the year 1974 averaged 86.6 percent. Sixty-three percent of the free standing nursing homes who reported their tenancy indicated a residency of 90 percent or more; within this category, 20 percent of the facilities had occupancies between 90 and 94 percent, and 43 percent were tenanted at 95 percent or more. Success of operation is attributed to quality of location, accommodations, care and operation.

Four of the eight Skilled Nursing Facilities in Castro Valley state that over 50 percent of their residents were classified as Intermediate Care patients. These homes were willing to accept patients at a lower MediCal reimbursement rate because they

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lacked sufficient number of Skilled Nursing patients to stay in business.

The following is a review of the annual occupancy history for the past three years of the Skilled Nursing facilities located in Castro Valley.

<u>Name of Hospital</u>	<u>No. Beds</u>	<u>Percent Occupied</u>		
		<u>1972</u>	<u>1973</u>	<u>1974</u>
Carrigan Convalescent Hospital	50	93%	96%	91.9%
Chabot Convalescent Hospital	96	73	76	76.3
Charlene Convalescent Hospital	48	93	93	91.4
Kirkland Convalescent Hospital	25	49	49	82.5
Redwood Convalescent Hospital	70	81	97	96.9
St. Joseph Convalescent Hospital Inc.	82	89	90	85
Suburban Hills Sanitarium	36	89	18	97.1
St. John Kronstadt	37	N/A	33	79.6

3. Projections

The Bay Area Comprehensive Health Planning Council (BACHPC) projections for the Eden and Washington township stipulate that there will be a total of 3,536 beds available in 1980. According to their estimates, this represents an over-supply of 444 beds. Other methods of projection based on various bed-to-population ratios indicate 1980 patient-bed needs ranging from 1,250 to 2,115--again over-supply is indicated. Projecting the BACHPC bed-need formula to 1985 indicates a surplus of 148 beds.

Although a more well-rounded program of patient care could be adapted in Castro Valley by decreasing the number of smaller Skilled Nursing Facilities by changing their licensing permit to Intermediate Care, it is unlikely that any additional beds will be required in the foreseeable future.

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C. Conclusions

The approval of BACHPC is required before any new General Acute Hospital and Long Term Extended Care Facility can be constructed in the State of California. Their data are clear in indicating that no licensing of additional beds will occur prior to 1980. Using their data to project to 1985, it is unlikely that any additional beds will be needed in Castro Valley. Our analysis of supply and demand factors tend to support this conclusion.

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VI. MARKET FOR OFFICE SPACE

A. Medical-Dental

1. Supply Factors

There are approximately 65,000 square feet of medical-dental space in Castro Valley; the greatest concentration is in the Lake Chabot district. The table on the following page considers the seven largest medical facilities and indicates the year of construction, square foot and unit size and current rental and vacancy data. An analysis of this information shows that only the Eden Medical Building which was constructed in 1955 has an occupancy of less than 100 percent and rentals below 50 cents per square foot per month. Although the table does not consider all existing medical offices, it does provide a basic guideline as to the historic absorption rate for this type of space in the Castro Valley area. It appears that from 1955 to 1965 an average of 1,500 to 1,600 square feet per year was absorbed. The largest building boom occurred during 1965-66 when over 30,000 square feet was constructed. This was followed by a period of peak absorption during the mid to late 1960s. By the early 1970s a more normal trend is again reflected -- something in excess of 1,500 square feet per year was absorbed from 1970 to 1974.

The location of physicians and dentists in Castro Valley has generally been directed by two factors. Members of the medical profession have gathered around the Eden and Laurel Grove Hospitals; this area along Lake Chabot Road is a convenient transportation point from which to draw patients from not only Castro Valley but also Hayward and San Leandro. The price of land and economics of development continue to allow young professionals the opportunity to construct their own facilities or convert existing houses from single-family to medical office utilization. A group of doctors owns one of the last unimproved lots on Lake Chabot Road across from Eden Hospital. The historically significant Stanton House, also located on Lake Chabot Road, will be relocated and eventually a medical-dental facility

TABLE 12.

ANALYSIS OF CASTRO VALLEY MEDICAL BUILDINGS

<u>Owner</u>	<u>Address</u>	<u>Sq. Ft.</u>	<u>Year Built</u>	<u>Units</u>	<u>Rent per Sq. Ft.</u>	<u>Occupancy</u>
Dr. Thomas Pursiano	20600 Lake Chabot	10,000	1965	10	52.5¢	100%
Mario Delucci	20400 Lake Chabot	13,300	1955	15	40¢ - 50¢	90%
Dr. Wm. Creer	20353 Lake Chabot	5,000	1966	4	50.0¢	100%
Dr. Paul Menges	20265 Lake Chabot	2,100	1960	Being Remod.	4 owners share	100%
Associated Ortho- pedic Surgeons	19842 Lake Chabot	4,800	1974	5	5 owners share	100%
Dr. George Reiss	19830 Lake Chabot	5,322	1970	4	55.0¢	100%
Eden Bldg. Corp.	2457 Grove Way	15,000	1965	17	50.0¢	100%

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will be constructed on this site. The development plans of these doctor-owners are closely related to the condition of the mortgage market and the availability and cost of financing.

Location of medical office space in Hayward has followed a pattern similar to that observed in Castro Valley. The largest concentration of medical office space in Hayward is located near St. Rose and Kaiser Hospitals and in the central downtown area, near Levine Hospital. In 1974, the 4,190 square foot Medical Center Building was completed on Tenneyson Road adjacent to St. Rose Hospital. Within the last two years, the Levine General Hospital has completed a four-story building addition. The top two floors, containing 13,500 square feet, were finished off for lease as medical office space. It appears that historically the City of Hayward has been able to consistently absorb approximately 3,000 square feet of medical office space per year.

2. Demand Factors

Alameda-Contra Costa Medical Association figures, as of August 1, 1975, show that there are 2,442 physicians in the two counties. The latest population count for this area is 1,727,400 persons, which equates to one physician per every 707 inhabitants.

As the following table indicates, the doctors are not equally distributed on the basis of population. Oakland, for example, has 21 percent of the total two county population but retains almost 28 percent of the physicians. Tracing the path of chronological urban development from Oakland into Southern Alameda County indicates that the number of doctors in residence has not kept pace with the growth of population. The number of persons per doctor in each area is as shown below:

<u>City</u>	<u>Population January, 1975</u>	<u>Physicians</u>	<u>Population/ Physician</u>
Oakland	356,700	688	518
San Leandro	68,500	127	539
Hayward	95,900	146	657
Fremont	121,200	98	1,237
Castro Valley	45,400	64	709

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Retirement of older, established doctors in the northern area and the tendency of the new physicians to locate in the south is beginning to equalize the ratio. In 1973 for instance, there was one physician for every 503 persons in Oakland and one physician for every 1,361 persons in Fremont. Fremont has experienced a growth in population as well as a growth in doctors, decreasing the ratio to one physician per 1,237 inhabitants. The same pattern has developed in Castro Valley; this area has seen an ever expanding number of physicians in the community since 1950. In contrast to the figure 709 indicated above, the 1970 ratio was one doctor to every 812 persons.

There are presently 45 dentists practicing in Castro Valley; the ratio is one to every 1,009 inhabitants as opposed to one dentist to every 1,083 in 1970. Correspondingly, the ratio in the total Southern Alameda County area is one dentist per 1,593 persons.

3. Projections

Estimates prepared by the Alameda County Planning Department and presented in the Castro Valley Plan indicate a population range for Castro Valley of 56,000 to 60,000 persons as of 1990. Based on the historical increase of growth and a continuation of the rate of change demonstrated in recent years, we have calculated a 1985 population range of 53,000 to 55,000. Utilizing a ratio of 417 persons to one physician and dentist and a population increase of 8,500 residents anticipates an additional 20 doctors and dentists in the next decade. Table 13 on the following page tends to substantiate this estimate by indicating an increase of 18 doctors and 10 dentists during the period 1965 to 1975.

Past experience has indicated a need of about 800 square feet of interior finished office space, including hallways, per doctor in a multi-tenant medical building. On the basis of 800 square feet per doctor, the addition of 20 medical professionals would call for an increase of 16,000 square feet of medical office space. The development of this new space will likely occur in the Lake Chabot medical area since the relatively low cost of land in Castro Valley encourages the physician-dentist-entrepreneur who wishes to build his own facility near a medical complex.

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TABLE 13. CASTRO VALLEY PHYSICIANS AND DENTISTS 1950-1975

<u>Doctors</u>	<u>Lake Chabot Road</u>	<u>Castro Valley Road</u>	<u>Redwood Road</u>	<u>Grove Way</u>	<u>Other</u>	<u>Total</u>
1950		3	2			5
1955	1	7	4		6	18
1960	8	3	13		5	29
1965	14	12	8	8	4	46
1970	22	7	11	12	4	56
1975	20	7	10	24	3	64
<u>Dentists</u>						
1950		1	3		2	6
1955	2	3	5		2	12
1960	7	2	10	5		24
1965	17	2	11		5	35
1970	23	3	14		2	42
1975	23	3	17		2	45

B. General Office Space

Several years ago, the Study Area was the center of Castro Valley commercial activity. Castro Valley Boulevard was the main road between the East Bay, the Livermore-Amador Valley and the San Joaquin Valley. When Highway 580 was constructed in the 1950s, the majority of traffic was diverted from the Boulevard to the freeway. This diversion changed the commercial nature of Castro Valley which had previously been automobile service oriented. The need for retail establishments to serve the growing residential community became the primary concern of local merchants and has motivated commercial development from that time to the present.

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1. Supply Factors

Similar to retail store development, office space constructed in Castro Valley over the last two decades has been oriented towards supporting the service needs of the residential community. It is obvious that the expansion of offices has not kept pace with the surge of growth enjoyed by retailers and merchants. Castro Valley office space totals approximately 100,000 square feet; almost half of which is older, non-carpeted, non-air conditioned and averages a vacancy factor in excess of 30 percent per year. The newer, more modern, better maintained space reflects a vacancy of between five and ten percent and is occupied by insurance companies, real estate brokers, attorneys and the like. Table 14 on the following page shows that the majority of these offices are freestanding structures which average less than 8,000 square feet each. Rents of 30¢ to 45¢ per square foot per month are common.

There are currently 12 attorneys whose businesses are located in Castro Valley. This represents an increase of four lawyers in the last 20 years and indicates that the legal community has shown little interest in establishing offices here. Of the 32 insurance agencies located within the city limits, 24 are east of the Study Area on Redwood Road and four are situated on Castro Valley Boulevard. Some of the larger firms include Allstate Insurance Company, The Equitable Life Assurance Corporation of America and The New York Life Insurance Company -- all on Redwood Road. There are approximately 100 real estate sales personnel employed by 37 brokers with offices in Castro Valley; 16 of these firms are on Castro Valley Boulevard and 19 along Redwood Road. At least half of the real estate firms and insurance companies in the area are single proprietorships which have converted an old home or other low density improvement into a sales office.

2. Demand Factors

It is apparent that the demand for office space is dependent upon a service community which relies almost entirely upon the residential population of Castro Valley and its immediate environs for its livelihood. Large scale office users, such as the product sales industry, have typically been attracted to the new

Table 14

CASTRO VALLEY OFFICE SPACE SURVEY

	<u>Owner</u>	<u>Address</u>	<u>Sq. Ft.</u>	<u>Year Built</u>	<u>No. Units</u>	<u>Rent/ Sq. Ft.</u>	<u>Vac. Fact.</u>	<u>Lessor Pays</u>	<u>Lessee Pays</u>	<u>Amenities</u>	<u>Val. Fees</u>
*1.	Allard Bldg.	Toomatian	2803 Castro Valley	6,000	1959	6+	37¢ (high)	25%	All util. Security	Air Cond.	2nd
2.	Valley Professional Bldg.	Marks	3209 Castro Valley	4,500	1955	5	30¢	40%	All util.	No Air Cond.	1st & 2nd
3.	Oxman Bldg. (majority retail)	Dr. Oxman	3137 Castro Valley	12,000	1966	8	30¢	30%	All util.	Air Cond.	2nd
*4.	Small House	Century 21 Realtors	2775 Castro Valley	1,200	1960		25¢	empty	All util.	No Air Cond.	
5.	New York Life Bldg.	Leo Perry	21079 Redwood Road	4,334 •	1972	1	54¢	full	All util.	Air Cond.	
6.	Equitable Life Bldg.	Dick Ferrer	21119 Redwood Road	8,800	1964	5	45¢	full	All util.	R.E. tax inc. - cost of living All Util.	Air Cond.
7.	"Adobe Bldg."	Barnhisel	3636 Castro Valley	6,000 •	1974	10	45¢	20%	Water	All Util.	Air Cond.
8.	Adams Build.**	Adams	3587 Castro Valley	8,000 •	1972	4	45¢	full	Yd. main.	All Util.	Air Cond.
9.	Redwood Professional Bldg.	Alameda County	2136 Redwood Road	7,000	1965	9	33¢	30%	Elect. Water	Gas	Air Cooler

*Located in Study Area.

**One-half retail.

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industrial office parks of Emeryville, Walnut Creek, the Oakland Airport Complex and the southwestern section of Hayward. State and federal government offices have located elsewhere in Alameda County.

What demand exists for Castro Valley office space is internal and comes from within the community.

3. Projections

In order to achieve a well rounded commercial center, it is desirable to balance the environment with high quality retail stores, modern office facilities, designated off-street parking and adequate transportation. Due to the residential nature of the community, attractive retail stores with ample off-street parking have developed rapidly in Castro Valley. Office development has not been so attracted; less than 20,000 square feet of space has been constructed in the last three years. The choice of an office location by a prospective tenant usually occurs from consideration of the prestige, status and environment of an area and its proximity to other interacting offices and activities. It is unlikely that Castro Valley in general, let alone the Study Area, would rate high in light of these criteria. The mild demand for office space which may be generated in the near future would likely be more appropriately satisfied east of the Study Area or in concert with a medically oriented office development.

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VII. MARKET FOR MOTEL/HOTEL ROOMS

A. Supply Factors

At the present time, there are two motels in Castro Valley; neither of these facilities is situated within the Study Area. The Motel Oakland, which originally contained 12 units, was constructed in 1949; 17 units were added approximately three years ago. The new units contain kitchenettes and normally rent on a weekly basis. Although this complex is fairly attractive (bungalow rustic design) and appears to be well maintained and clean, there are certain drawbacks relative to its marketability. Long term and weekly rentals limit day-to-day tenancies to less than half of the total units. An obscure location on the extreme east end of East Castro Valley Boulevard near Crow Canyon Road results in a complete lack of commercial identity and provides major access problems. The Starlite Motel is in the same general area but is located closer to Highway 580. It is an older, unattractive low-quality facility which will likely be demolished in the near future to accommodate highway expansion plans. Both of Castro Valley's motels serve day-to-day and semi-permanent residents in low cost rooms; they do not represent competition to the modern transient lodging industry.

In the past five years, motel construction in Hayward has not taken place near the subject area but has occurred to the southwest along the Nimitz Freeway where the Vagabond Motel and the Plaza International were built in proximity to new shopping and commercial districts. Twelve modern, competitive motels offering a combined total of 738 rooms are located in the nearby cities of Hayward and San Leandro. The following table reviews the location, room capacity and 1974 occupancy history of each of these facilities.

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Table 15 COMPETITIVE MOTELS IN HAYWARD AND SAN LEANDRO

<u>Name</u>	<u>No. of Units</u>	<u>1974 Ave. Occ.</u>	<u>Address</u>
Casa Blanca	26	63%	1029 B Street, Hayward
Jackson Park	21	55%	333 Jackson Street, Hayward
The Islander	67	62%	2398 East 14th Street, San Leandro
Lowery	22	N.A.	16320 Foothill Boulevard, San Leandro
The Mayfair	60	57%	14366 East 14th Street, San Leandro
The Mission	41	55%	24400 Mission Boulevard, Hayward
The Nimitz	34	65%	555 Lewelling Blvd., San Leandro
The Plaza	60	55%	410 West "A" Street, Hayward
The Red Cape	84	64%	29083 Mission Boulevard, Hayward
Sadler - Doric	150	Closed	950 Mission Boulevard, Hayward
Travel Lodge	72	66%	21598 Foothill Boulevard, Hayward
The Vagabond	101	74%	20455 Hesperian Blvd., Hayward

The largest concentration of quality motel/hotel accommodations in the East Bay is located on Hegenberger Road, west of the freeway near the metropolitan Oakland International Airport, and in close proximity to the Oakland-Coliseum complex. Because of their airport orientation, these facilities provide food and lodging to a major segment of the East Bay's tourists, traveling salesmen and conventioners. They also enjoy heavy patronage from automobiles traveling north and south on the Nimitz Freeway. Listed below are the five motels located in this area; they contain a total of 1,111 units and reflect an average occupancy of 63 percent per annum.

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<u>Name</u>	<u>No. of Units</u>	<u>Address</u>
Edgewater Hyatt	350	455 Hegenberger Road
Lucky Lion Edgewater	76	10 Hegenberger Road
Hilton Inn	300	1 Hegenberger Road
Holiday Inn	194	Nimitz Freeway - Hegenberger Road Intersection
Royal Inn	191	150 Hegenberger Road

The Dublin-Livermore vicinity is another "market interceptor" to the Study Area for freeway oriented transit lodging demand. Competition here consists of three motel/hotels built in the last four years and located on main access roads near Highway 580. They total 288 units and during 1974 operated at a combined average occupancy of 68 percent.

<u>Name</u>	<u>No. of Units</u>	<u>Address</u>
The Holiday Inn	124	First Avenue, Livermore
Howard Johnson's	92	Dublin off-ramp
Motel Six	72	Pleasanton off-ramp

B. Demand Factors

Transient lodging business results from several basic sources. These are visitors coming to an area for business and commercial reasons; visitors coming for personal reasons such as visiting friends; tourists; traveling salesmen and conventioners. Our study indicates that demand in these categories in Castro Valley is insufficient to support the development of a competitive motel/hotel complex. The economic difficulties inherent to motel operation in this vicinity is evidenced by the closing of the Sadler Inn (formerly the Doric) which is located in north Hayward less than two miles south of the Study Area. The Sadler Inn is a modern facility with restaurant and cocktail lounge which is reported to have closed primarily due to financial problems resulting from high vacancy. Its reopening in the the near future is problematical.

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There are no major industrial employers in the Castro Valley area. The medical facilities located within the Study Area were considered as a possible source of demand. Interviews with hospital staff and administrators indicated only moderate requests (averaging at most seven single nights per month) for motel space for friends and relatives of patients and hospital trade personnel. The new Centennial Convention Hall located in downtown Hayward which will seat a maximum of 2,000 persons is another demand source that was considered. Because of its local and regional orientation, the majority of the participants utilizing this facility will be from the Bay Area or northern California and would likely not require overnight accommodations. The few conventions which would last more than one day or where a large number of delegates would need overnight lodging does not appear to be significant enough to sustain additional motel facilities.

C. Market Projection

At this point in time it appears evident that motel/hotel development in the Castro Valley area would be a highly speculative venture. The national average for motel occupancy is 70.4 percent per annum. As the analysis in Table 15 indicates, with the exception of the Vagabond Motel, occupancies in the Hayward/San Leandro area reflect a range of 55 to 66 percent. The Travelodge Motel nearest the Study Area is a typical example; the resident manager states that summer trade averages 85 percent occupancy and is reduced to a low of 35 percent in the winter.

The relatively small amount of recent growth which has taken place in transient resident accommodations has been to the south and west in Hayward. Some time ago, the City Planning Department received a request for permit for a 99 unit motel at the intersection of "A" Street and the Nimitz Freeway; the project was not developed and the permit has lapsed. The City of Hayward rezoned a large parcel on the west side of Hesperian Boulevard between west "A" and Suerrio Street to accommodate a developer's plans for a 100 to 150 unit motel/office/retail complex. Also rezoned for motel use was a parcel at the intersection of West Jackson Street and the Nimitz Freeway. No further action has been taken relative to building on either site.

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There appears to be more than adequate motel space in the East Oakland-Hegenberger complex and in west Hayward to accommodate Nimitz Freeway travelers and regional demand. The three new motels in Livermore and Dublin are now acting as a convenient stopover for those persons traveling Interstate 5 as they enter the Bay Area. These new lodging facilities all have dining accommodations, lounge and pool plus the advantage of national chain representation. Construction for the improvement of Highway 580 has now begun in the Dublin area and the fifth phase, scheduled for completion in 1983, will constitute a large 40 million dollar interchange immediately west of Castro Valley Boulevard. These improvements will further contribute to the by-passing of Castro Valley by tourist traffic.

With the above mentioned conditions in mind, it is highly unlikely that the Castro Valley area would be conducive to the development of a viable motel/hotel complex in the next decade.

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VIII. SECONDARY COMMERCIAL

Secondary or support commercial uses are distinguished from standard retail commercial by the fact that they are generally patronized by other businesses within the area they serve rather than by retail shoppers. Examples of support commercial uses would include printing and copy services, stationery stores, and business machine sales and repairs. The division between retail and support commercial is not an absolute one; obviously, retail consumers have occasion to use support commercial facilities also. However, support commercial uses do find the mainstream of their customers to be from other businesses. Offices in particular create the demand for support commercial uses such as stationery stores and copy services.

A sizeable portion of the commercial space in the West End Study Area is what we would term secondary commercial. Data from the State Board of Equalization lists three "Publishers and producers or distributors of light industrial products", six "Other types of repair shops" and four "Business service concerns" -- a total of 13 businesses in the West End Study Area. Our review of the Study Area indicates ten that we would classify as secondary commercial, having a total floor area of 15,225 square feet. In a report prepared in March 1972, the County Planning Department lists a total of ten firms with 21,800 square feet in two categories -- miscellaneous business services and miscellaneous repair services. We estimate that the total floor area in secondary commercial use in Castro Valley is approximately 25,000 square feet. (Again it should be emphasized that there is no precise definition of the types of business which fall in this category.)

As previously noted in Chapter VI, there are presently 100,000 square feet of general office space in Castro Valley. Relating this total to the indicated amount of secondary commercial space -- 25,000 square feet -- provides a ratio of one square foot of secondary commercial for each four of general office. This is a much higher ratio than is experienced in larger downtown districts. For instance, the ratio found in our study of downtown Hayward was one square foot of secondary commercial for each 24 square feet of office space. It is obvious that the secondary commercial space in Castro Valley is providing a service beyond that required by Castro Valley general office space. It is likely that some of the Castro Valley support commercial uses are serving customers from downtown Hayward and other surrounding areas.

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Considering the high ratio of support commercial to office space and our conclusion in Chapter VI that there is not a strong market for additional general office space in Castro Valley, we find no basis for projecting a market for additional secondary commercial space. What development of this type that does occur in the future is likely to find its way into existing older commercial buildings.

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IX. MARKET FOR RECREATIONAL COMMERCIAL DEVELOPMENT

A recreational commercial use is one which provides entertainment to patrons for a charge. This category typically pertains to movie and legitimate theaters, restaurants, bowling alleys, ice skating and roller rinks, miniature golf courses, driving ranges, and night clubs among others.

A. Bowling Alleys

The Castro Village Bowl is a 32-lane center which is located east of the Study Area in the Castro Village Shopping Center. It is modern in design and competes readily with the new bowling alley facilities in the area. The center contains a dining room, lounge, snack bar, day-care room and pro shop. The owner states that although business is good, there is not sufficient volume to warrant the expenditure necessary to buy more land and expand the existing structure in order to construct additional lanes.

There is an unusually large number of bowling alleys in the southern Alameda County area. Four facilities with a combined total of 122 lanes are located in Hayward, three centers totaling 104 lanes in San Leandro, three in the Fremont area with a total of 80 lanes, and six in Oakland and Alameda which combine to 118 lanes. This totals 456 bowling lanes of which 258 are in San Leandro, Hayward and Castro Valley. A normal ratio for calculating demand is one bowling lane for each 5,000 residents. Considering the population within Eden and Washington townships, this would equate to a present need of 92 lanes.

Three bowling centers have been constructed in the Bay Area in the last five years; there is one in Sunnyvale and two in San Jose. Current construction is limited to one 40-lane facility in the Japanese Trade Center in San Francisco.

Spokesmen from the Brunswick Corporation, a major builder of bowling centers and equipment, and the East Bay Bowling Proprietor's Association agree that the East Bay is overbuilt at the present time with bowling centers and anticipate little or no new construction in the near future.

The one area where bowling alley expansion appears feasible is in the Dublin-Livermore vicinity. There

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is evidence of a near future demand here which is yet to be fulfilled due to current land and improvement costs and limitations on long term financing.

B. Theaters

The single motion picture theater in Castro Valley is located within the Study Area. The Chabot Theater is 25 years old and contains 500 seats. There are no present plans for expansion; the theater shows second to third-run films and enjoys average to marginal attendance.

At the present time, there are 15 movie theaters and drive-ins in southern Alameda County with only limited plans for expansion. Theater owners and film distributors agree that southern Alameda County is overseated (over-supplied) and that little expansion will take place in other than regional shopping center locations. A local theater developer recently considered and subsequently rejected Castro Valley as a possible site for a Cinema One - Cinema Two type facility because it did not contain a regional shopping center. He chose to join the other theaters located at the Southland Shopping Center complex and is currently in the mid-stages of construction.

Legitimate theater facilities in the Oakland-Hayward area appear to be well-placed and well-developed. One of the largest is the Woodminster Amphitheater in Oakland. The Chanticleer's Palomares Playhouse with 100 seats, the Chabot College Theater with 200 seats, and the Meek Estate Theater with accommodations for 60 are all located in Hayward. Other Hayward facilities include the theater at Cal State University and a proposed drama center to be located adjacent to the City Center. The Castro Valley Plan calls for a Civic-Cultural-Recreation Complex to be constructed on the present site of the Castro Valley elementary school.

C. Other Recreational Uses

The general area appears to be well supplied with skating rinks. There are two ice skating arenas in Alameda County, one of which is located in the Southland Shopping Center. There are six roller rinks in Alameda County -- two are situated within the Hayward city limits.

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Willow Park is a regulation golf course located in the northern section of Castro Valley near the end of Redwood Road. There are a total of twelve golf courses in Southern Alameda County; seven are located within a five mile radius of the Study Area. A lack of available land limits future development of this type of facility in the Castro Valley area.

The Golden Tee miniature golf course is situated within the Study Area and draws customers from Oakland, Hayward, San Leandro and Castro Valley. The owner indicated that other successful miniature golf enterprises enlarge their market base by adding such activities as trampolines, roller rinks and bumper car tracks. He does not intend to add any of these facilities unless competition should require his doing so.

D. Projection

The foregoing commercial utilizations were initially identified as the most likely subjects of future development suitable for inclusion within the Study Area. The subsequent analysis of supply and demand factors indicates that none of these recreational alternatives represents an economically sound potential use, either now or in the foreseeable future. The one exception is the possible but unlikely expansion of the Golden Tee miniature golf course.

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X. PRELIMINARY TEST OF FINANCIAL FEASIBILITY

The economics of developing specific types of property is an important part of the process of testing potential land uses. Those uses which meet the test of financial feasibility will serve as the primary land uses to be utilized for the physical planning process.

In preceding sections, certain land uses have been determined to be marketable. These "marketable" land uses include:

1. Multi-family Residential - Rental
2. Multi-family Residential - Sale
3. Housing for the Elderly - Not Assisted
4. Medical Office Space

Our purpose in this section is to prepare preliminary summaries of the economics of developing those marketable land uses and to "screen out" from the physical planning process those uses, if any, which fail to pass the test of financial feasibility.

A. Financial Feasibility

Financial feasibility for any real estate development project has been defined by one source as follows:

"A real estate project is "feasible" when analysis indicates that there is a reasonable likelihood of satisfying explicit objectives and when a selected course of action is tested for fit to a context of specific constraints and limited resources¹."

It can be defined more simply as that state of affairs when:

"buildings have been combined with land to create an income-producing asset whose value is equal to the cost of components".

The profit objective of private sector developers, disciplined in critical analysis and creative entrepreneurship, is to make the value greater than the cost. In

¹Byrl N. Boyce, "Real Estate Appraisal Terminology," The American Institute of Real Estate Appraisers and The Society of Real Estate Appraisers, 1975.

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practice, this is frequently an illusive objective due to generous, inherent risk in the development process.

Preliminary testing of financial feasibility is frequently an artistic process, heavily dependent on the judgement and experience of the developer rather than on reliance on an array of stable, objective data. In fact, the testing of financial feasibility in a developing project is a continuous process as the input data becomes more and more refined and reliable. The disciplined reconciliation of valuation and cost, then, is the final determination of financial feasibility.

B. Project Valuation

Project valuation is determined by the capitalization of pro forma net income, a form of what is popularly called the income approach. The income approach is:

"That procedure in appraisal analysis which converts anticipated benefits (dollar income or amenities) to be derived from the ownership of property into a value estimate¹".

Capitalization is:

"The process of converting into present value (or obtaining the present worth of) a series of anticipated future periodic installments of net income. In real estate appraising, it usually takes the form of discounting²".

It is easier to understand if the income, the (capitalization) rate, and the capital good (or the value of the property) constitute an equation: income divided by rate equals value.

Total project cost is the sum of a number of these variable components:

1. Land Cost
2. Architectural and Engineering Services Cost
3. Construction Cost
4. Furniture, Fixtures and Equipment Costs

¹Byrl N. Boyce, "Real Estate Appraisal Terminology," The American Institute of Real Estate Appraisers and The Society of Real Estate Appraisers, 1975.

²Ibid.

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5. Financing Costs, including Interest and Fees to acquire Financing
6. Marketing Costs
7. General and Administrative Costs and Developers Profit.

C. Implications of the Current "Money Market"

The test of financial feasibility rests heavily on the selection of the "capitalization rate," which in turn is a function of prevailing monetary and fiscal affairs at the time of the selection of the rate.

As these preliminary tests of financial feasibility are being drawn and reviewed in late 1975, mortgage interest rates and money rates are quite high and volatile. We are in a period of great economic and financial uncertainty with certain key indicators at record or near record levels. We are applying generous caution in this preliminary testing period in order that we not needlessly screen out a use as a result of false application of a transitory high capitalization rate.

D. Testing Each Marketable Land Use

To test each marketable land use, we have developed a hypothetical project for that use with general physical and economic characteristics conforming to that which could be successfully developed in the Study Area. These preliminary tests do not assume specific sites, preliminary schematic drawings or cost data applicable to a specific structure. They are, however, patterned after actual projects located elsewhere which have been analyzed by the consultants. Sufficient information is available from these analyses to make preliminary financial feasibility conclusions.

In these analyses, land value has been made residual; i.e., the cost of development has been subtracted from the indicated market value of the project to provide an indication of what the developer could pay for land in producing a feasible project. The actual test then is the availability of sites at or near the unit value (square foot in this instance) in the Study Area. At this point in the assignment, the consultants have not appraised the land in the Study Area. Land valuation is considered in Phase II.

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E. Conclusions

Our preliminary review of values indicates that there is a reasonable probability of feasibility for each of the projects analyzed excepting the higher density mid-rise apartment building. It will be noted that the appraised value of the mid-rise apartments is not sufficient to cover development cost exclusive of land, much less provide an amount for land purchase. This results from the relatively high cost of construction related to the maximum rentals which could be obtained in or near the Study Area for higher quality "security type" apartments. The two-story garden type frame apartment project appears to have a reasonable possibility of feasibility if a density of 35 units or more to the acre is permitted. However, it is doubtful that the project could be placed on the indicated land area if two parking spaces and 600 square feet of "useable open space" are required for each dwelling unit, as specified in the Alameda County Zoning Ordinance.

Table 16 PRELIMINARY ANALYSIS OF FINANCIAL FEASIBILITY

Garden Type Rental Apartment Building - 60 Units

Project Description

A low rise, 45,500 square foot apartment rental development of frame construction. Contains 40 one bedroom, one bath units of 650 square feet each renting at \$0.30 per square foot per month and 20 two bedroom, two bath units of 855 square feet at \$0.275 per square foot per month.

Project Valuation

Annual Gross Income:	
40 units - \$195 per month =	\$ 93,600
20 units - \$235 per month =	56,400
	<u>\$ 150,000</u>
Less 5% Vacancy - Collection Loss	<u>- 7,500</u>
Effective Gross Income:	\$ 142,500
Less 36.2% operating expenses:	<u>51,600</u>
Resulting Net Income ¹	<u>\$ 90,900</u>
Capitalized Value at 9%	
\$90,900 ÷ .09	\$1,010,000

Project Cost Before Land

Building Cost - \$16.50 per square foot	\$ 750,750
Financing Expenses - 6%	45,050
G & A and Developers Profit - 8%	<u>63,660</u>
Total	\$ 859,460

Land Investment

Amount available to land =	\$ 150,540
Per sq. ft. - 25.4 units/acre	
\$150,540 ÷ 103,000 sq. ft. = \$1.46	
- 34.9 units/acre	
\$150,540 ÷ 74,488 sq. ft. = \$2.02	

¹Net income before depreciation and debt service.

Table 17 PRELIMINARY ANALYSIS OF FINANCIAL FEASIBILITY

Mid-Rise Rental Apartment Building - 60 Units

Project Description

A three-story concrete, security type apartment building of 53,500 square feet. Contains 48 one bedroom, one bath units of 700 square feet each renting at \$0.30 per square foot per month and 12 two bedroom, two bath units of 900 square feet at \$0.275 per square foot per month.

Project Valuation

Annual Gross Income:	
48 units - \$210 per month	\$ 120,960
12 units - \$248 per month	35,712
	<u>\$ 156,672</u>
Less 5% Vacancy - Collection Loss	<u>- 7,834</u>
Effective Gross Income:	\$ 148,838
Less 38% operating expenses	56,558
Resulting Net Income ¹	<u>\$ 92,280</u>
Capitalized Value at 9%	
$\$92,280 \div .09 = \$1,025,331$ (rounded to)	\$1,025,350

Project Cost Before Land

Building Cost - \$22.00 per square foot	\$1,177,000
Financing Expenses - 6%	70,600
G & A and Developers Profit - 8%	<u>99,800</u>
Total	\$1,347,400

Land Investment

Amount available to land	None
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¹Net income before depreciation and debt service.

Table 18 PRELIMINARY ANALYSIS OF FINANCIAL FEASIBILITY
Elderly Housing Project - Private Development

Project Description

A two-story frame building containing 75 rooms (150 bed capacity) with ancillary facilities (congregate housing type occupancy). Development cost includes carpets, drapes and kitchen equipment. Operators to lease entire facility on a flat rental basis and assume all property expenses.

Project Valuation

Gross Rental Income @ \$80 per bed per month	\$ 144,000
Vacancy and Property Expenses	None
Resulting Net Income	\$ 144,000
Capitalized Value @ 10%	
$\$144,000 \div .010$	\$1,444,000

Project Cost Before Land

35,000 square feet @ \$28.00	\$980,000
General and Administrative and financing @ 7%	<u>68,600</u>
Total Project Cost	\$1,048,600

Land Investment

Amount available to land =	\$ 395,400
Land Requirement - 34.8 units/acre	
75 rooms \div 34.8 = 2.155 acres	
$\$395,400 \div (2.155 \times 43,560)$	\$4.21 per sq. ft.

Table 19 PRELIMINARY ANALYSIS OF FINANCIAL FEASIBILITY

Medical Office Building

Project Description

A one-story medical building containing 5,000 square feet with a net leaseable area of 4,500 square feet. To be fully serviced by lessor with lessees paying full expense escalation.

Project Valuation

Gross Rental Income at \$6.60 per annum:	\$ 29,700
Less 42% operating and vacancy costs	<u>12,474</u>
Resulting Net Income ¹	\$ 17,226
Capitalized Value at 9.5%	
$\$17,226 \div .095 = \$181,326$ (rounded to)	\$ 181,350

Project Cost Before Land

Building Cost - \$26.00 per square foot	\$ 130,000
Financing and Related Costs - 8% Bldg. Cost	10,400
Market and Admin. Costs - 15% Gross Income	<u>4,450</u>
Total	\$ 144,850

Land Investment

Amount available to land	\$ 36,500
Required lot size: 10,000 square feet	
Unit Land Value	\$3.65/square foot

¹ Net income before depreciation and debt service.

Table 20 PRELIMINARY ANALYSIS OF FINANCIAL FEASIBILITY

25 Unit Townhouse Project

Project Description

Two-story frame townhouses of average quality containing two bedrooms and two baths and a total of 1,200 square feet.

Project Valuation

Gross Sales Revenue	25 x \$39,000	\$975,000
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Project Cost Before Land

Basic Construction Cost		
30,000 square feet @ \$19.50		585,000

Carports, walks, drives, landscaping and pool		35,000
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Permits, fees, etc.		4,000
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Financing @ 6% of cost		37,440
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Marketing @ 6% of Gross Revenue		58,500
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G & A and Developers Profit @ 10% of Gross Revenue		<u>97,500</u>
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Total Project Cost		\$817,440
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Land Investment

Amount available for land		\$157,560
---------------------------	--	-----------

Land requirement @ 18 Units per acre		
25 ÷ 18 = 1.388 acres		

Indicated Land Investment		
\$157,560 ÷ (1.388 x 43,560)		\$2.61 per sq. ft.

Land requirement @ 22 Units		
per acre 25 ÷ 22 = 1.136 acres		

Indicated Land Investment		
\$157,560 ÷ (1.136 x 43,560)		\$3.18 per sq. ft.

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XI. CONCLUSIONS AND RECOMMENDATIONS

A. Summary of Conclusions

1. Screening Process

At the outset of this assignment, all those uses considered to be reasonably possible for development in the Study Area were screened preliminarily as to their effect on the environment, public finance and surrounding uses, as well as their market acceptance and economic support for the community. A total of 15 uses was passed through this screen and, based on the weighted scores, these uses were eliminated:

Low Density Residential -- Sale
Assisted Family Housing
Light Industry
Commercial Parking Structures
Academic and Training Facilities

The uses which were passed for more detailed market analysis are these:

Multi-family Residential -- Sale
Multi-family Residential -- Rental
Assisted Housing -- Elderly
Support Commercial
Recreational Commercial
Offices -- General
Offices -- Medical
Hotel/Motel
Hospital/Special Care Facility
Parks, Open Space

2. Results of Market Analysis

All of the uses in the second list above were studied in greater detail to determine their marketability in the Study Area, excepting Parks, Open Space. This use was included in the screening process to demonstrate its desirability as a part of the planning process for the Castro Valley West End Area. There is no reliable method for measuring its marketability in economic terms.

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The marketability analysis considered the likelihood of sufficient demand for a given use during the decade commencing January 1, 1976 to suggest the possibility of an economically feasible project. This analysis divided those uses surviving the screening process into positive and negative categories as follows:

Positive

Multi-family Residential -- Sale
Multi-family Residential -- Rental
Offices -- Medical-Dental

Negative

Elderly Housing -- Assisted
Hospital Beds of any Type
General Office Space
Motel/Hotel Rooms
Recreational Commercial Development
Secondary Commercial Space

Those uses for which the marketability analysis was positive will be in demand over the next decade in these quantities:

Medical-Dental Office Space	16,000 square feet
Residential	500 dwelling units

The anticipated breakdown of the market for residential units is:

Market Rate Rental Apartments	210 units
Multi-Family Sale Housing -- (Townhouses)	100 units
Housing for the Elderly -- Private Market Development	190 units

It is important to note that the conclusions for residential development assume available buildable sites to accommodate the indicated market demand.

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3. Results of the Financial Feasibility Analysis

Hypothetical projects for each type of development found marketable were tested for financial feasibility. In these analyses, anticipated net income was capitalized to determine the apparent project value. This was related to estimated cost of development exclusive of land. The residual amount indicates the funds available for purchase of land. Those cases were considered to be feasible where the indicated unit land value is within a reasonable range based on market values in the Study Area.

Those uses which generate sufficient value to indicate probable financial feasibility are:

Two-story frame garden type apartments for rent
Housing for the elderly -- congregate living
type
Multi-family residential -- Sale (townhouses)
Medical-Dental office space

One of these hypothetical projects was proved unfeasible at market rentals and applicable construction costs:

Mid-rise -- three story or more, Class C type
construction apartments for rent.

In preparing these analyses, consideration was given the long range nature of the forecast period -- ten years.

B. Conclusions on Related Matters Not Directly Covered by the Market Analysis

1. The Effect of a Castro Valley BART Station

At the outset of this report (Page 11) it is stated that extension of the BART service to Livermore is not likely to happen for some time and it is unlikely that a BART station will be completed in Castro Valley during the ten year projection period. It is further noted that at present, the Castro Valley community is on record as opposing the BART station.

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The conclusions which have been formulated as to the market acceptance of various uses is based on this assumption, i.e. no BART station during the next ten years. If a BART station were to be constructed anywhere in Castro Valley, it would have some positive effect on the market for multi-family housing in the Study Area. It might have some beneficial effect, although limited, on the market for medical-dental space. It is unlikely that the placement of a BART station anywhere in Castro Valley would change the negative conclusions regarding other possible uses.

If a BART station were to be in one of the proposed locations recommended by BART consultants, immediately adjoining the Study Area on the south -- the impact on the Study Area would be much greater and the demand for multi-family residential units would be substantially increased. Again, this assumes the availability of land for development.

2. Potential for High-Rise Apartment Buildings

In 1972 we conducted an in-depth study of downtown Hayward. One aspect of this study was the market for various uses including residential development. While a demand for multi-family residential use was demonstrated, we could find no market support for high-rise apartment buildings. We have re-examined this market for the Study Area. Our research indicates that the square foot rentals suggested for apartment development in the Study Area (\$0.275 to \$0.30) are near the top of the range which could be expected for development in Castro Valley, particularly the Study Area. While deluxe security-type apartment buildings might command higher rentals, it is unlikely that the increment would be sufficient to warrant the additional construction cost. This is borne out by the almost complete absence of high-rise apartments in the southeast Bay Area.

On page 74 of this report, a mid-rise rental apartment building of Class C construction is analyzed for financial feasibility. The results indicate that the capitalized value is not sufficient to return the cost of the structure, much less provide for purchase of a site. We have re-analyzed this building to determine the square foot rentals which

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would be required to equate value with development cost, i.e., to reach a point of financial feasibility. For this analysis, we have assumed a site cost at \$2,000 per dwelling unit -- relatively low for this type of construction. The results of this analysis are summarized below:

Cost of development of 60 unit mid-rise apartment project (See Page 74)	\$1,347,400
Land cost @ \$2,000 per unit	<u>120,000</u>
Project cost including land	\$1,467,400
Required net rental based on a 9% capitalization rate	\$ 132,066
Effective gross income after adjustment for 38% operating expenses	\$ 213,010
Total gross income after adjustment for 5% vacancy and collection loss	\$ 224,221
Apportionment to one and two bedroom units based on existing program	
One bedroom @ 77.2%	\$ 173,099
Per square foot per month	\$.429
Two bedroom @ 22.8%	\$ 51,122
Per square foot per month	\$.394

It is indicated that monthly square foot rentals in the range of \$0.39 to \$0.43 would be required to make this project feasible. The unit cost for a building of greater height would be at least as much as this building and probably more. Our study produced no apartment buildings in the market area where rents of this magnitude were being obtained. The only high-rise apartment building in the southeast Bay Area with which we are familiar is the Parkway Towers in Fremont. This is a 54 unit, nine story building with considerable amenities. The one-bedroom units have 740 square feet and rent from \$0.28 to \$0.32 per square foot. The two-bedroom units have 1,050 square feet and rent from \$0.29 to \$0.34 per square foot.

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We conclude that it is very doubtful that high-rise apartment buildings could be built in Castro Valley which would prove financially feasible in the foreseeable future.

3. Anticipated Land Requirement

As indicated in the feasibility analysis of the hypothetical medical office project (page 76), a two to one ratio of land to building is anticipated. On this basis, the total land requirement for medical-dental office space during the ten year period -- 16,000 square feet -- would be 32,000 square feet or .735 acres.

In estimating the land required for residential development, we have considered the range of possible densities of development for the types of project recommended by market analysis. In these cases, we have shown a high-low estimate of land needed for development.

We anticipate that low-rise garden type apartments will be built at a density of 25 units per acre. On this basis, the 210 units found marketable over the next decade would require 8.4 acres. Should it be possible to design a project at the maximum density presently allowed in the Castro Valley Plan, 34.9 units per acre, the land required for these 190 units would drop to 6.02 acres. It is virtually impossible to design a marketable project of this type at densities much over 35 units per acre.

In the analysis of the 25 unit townhouse project, (see Page 77) land requirement for the project was based on two standards -- 18 and 22 units per acre. Applying this range to the total 100 units of Multifamily -- Sale housing found marketable indicates a need for from 5.56 to 4.55 acres of land. Many townhouse projects are being developed at densities less than the lower end of this range; it is not uncommon for density to run as low as ten units per acre. Given the nature of the Study Area and the lack of large areas of buildable land, it is unlikely that a project would be constructed at such a low level; however, it is useful to lower our range to 15 units per acre, thus increasing the top land requirement estimate to 6.67 acres.

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The elderly housing project tested in the feasibility analysis (Page 75), is designed along the lines of the congregate housing concept. This results in smaller dwelling units and a higher density of development than would be anticipated in typical garden-type apartment development. The example used in the feasibility analysis utilizes 2.155 acres for 75 rooms, i.e., 34.8 units per acre. On this basis, the 190 units of total demand over the next ten years would require 5.46 acres. If, on the other hand, these units were developed more on the lines of a garden-type apartment project, the density could drop to 25 units per acre and a total requirement of 7.60 acres.

In summary, the range of total site areas required for development of the buildings for which space has been found marketable for the period 1976 to 1985 is as follows:

	<u>High</u>	<u>Low</u>
	<u>In Acres</u>	
Medical-Dental Office	.74	.74
Market Rate Apartments	8.40	6.02
Multi-family -- Sale Units	6.67	4.55
Elderly Housing	<u>7.60</u>	<u>5.46</u>
Total Land Requirement	23.41	16.77

This is net buildable area and is exclusive of areas for public thoroughfares and any other facilities which require land apart from the development sites.

C. Recommendations

This completes Phase I of the consultant's assignment -- the marketability/feasibility analysis. In Phase II, land values will be attached to the Study Area property on the basis of existing use and that proposed for future redevelopment of portions of the Study Area. It is noted in the sub-section above that from 16.8 to 23.4 acres of land are required for the new construction of anticipated demand over the next ten years. The Study Area actually includes 78 net acres; obviously, marketable new development over the 1976 to 1985 period will cover only one-third of the Study Area at most. In order to accurately

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determine the appropriate location of the uses found to be marketable and feasible, it is necessary to engage in the planning process which is part of Phase III of this assignment. The following recommendations are in anticipation of the planning process and are intended to promote preparatory thought and discussion.

1. The most desirable place for new residential development, particularly multi-family market rate -- rental and multi-family -- sale is in the area south of Castro Valley Boulevard on the slopes of Chabot Hill and, if the land can be made available, extending to Rutledge Road on the east and extended Stanton Avenue on the west.
2. The top of Chabot Hill should be preserved as open space for public use.
3. Incorporation of commercial use on the ground floor of new residential construction should be permitted if the projects are well designed and of sufficient size to allow for a newly created improved atmosphere. It is assumed that the ground floor commercial use would be along Castro Valley Boulevard.
4. It is obvious that the medical-dental office space should be located north of Castro Valley Boulevard in areas near the existing medical complex.
5. Other areas north of Castro Valley Boulevard could be used for development of high density housing for the elderly.
6. While the results of the market study do not support the utilization of more than 23.4 acres, the recommended reuse of areas north of Castro Valley Boulevard which might become available for development is for high-density residential -- again with incorporation of limited commercial space in planned developments.
7. There appears to be no economic or market support for increasing density for residential development above the present Plan recommendation of 34.9 units per acre.
8. Commercial use along Castro Valley Boulevard, particularly at the east end of the Study Area, will continue for many years even if it is made a non-conforming use.

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9. It is unlikely that sites of adequate size for attractive new development permitting the creation of a new and improved environment will be available without publicly assisted redevelopment. This can be done without resorting to massive clearance but is almost impossible to affect without some use of eminent domain.

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